

COMMON COUNCIL
TUESDAY, APRIL 22, 2014
7:00 P.M.

Mayor Ryan Daniel – Present
Clerk Treasurer Rosie Coyle – Present
Attorney Marcia McNagny – Present

Council Members

Nicole Penrod – Present
Ben Romine – Present
William (Bill) Simpson – Present
Daniel Weigold – Present
Jacie Worrick – Present

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

MINUTES Ben Romine noted a spelling error under the Peak Performance discussion.

Motion was made by Weigold to approve an overview of the April 8, 2014 meeting minutes as amended, Romine seconded the motion, Penrod, Romine, Simpson and Weigold voted aye, Worrick abstained.

TAX ABATEMENT REQUEST: PRECISION PLASTICS Alan Tio with Economic Development, Ryan Richey with Precision Plastics and Ross with Region 3A were present to discuss and answer questions on the abatement request.

Ryan Richey explained they were in the process of building an over 1,000 square foot warehouse to allow for expansion of the business. He explained the benefits of the expansion and would include bringing on more employees.

Ross explained the resolution would approve two separate abatements; 1 real and 1 personal property. He stated the real property would be a \$265,000 investment and the manufacturing would be a \$160,000 investment. He noted this would create 12 new jobs and would be 10 year abatements for both.

Mayor Daniel advised they would take this under consideration and take a vote at the next meeting.

SEWAGE RATE PRESENTATION: JEFF ROWE – UMBAUGH & ASSOCIATES Jeff Rowe explained a little over a year ago they presented the initial rate study for the funding of Phase IIB and Phase IIC, which are the next two phases of the Long Term Control Plan. He reminded the Council that last year they were looking at estimating about a \$6.00 increase just to catch up with current operations; revenue requirements were exceeding the current level of revenues. He added they also showed the impact of taking on the Phase IIB project out in 2018/2019 and estimated the overall increase of about 37%, which was just under \$70. He

explained they took that report, updated and revised it by looking at the current cash balances within the sewage works and looking at various rate increase scenarios. He shared as they looked at the scenarios they prepared financial projections over the next 5 years which ties in line with the IIB project; they looked at what the projected revenues, costs and potential cash reserves would be in anticipation of possibly paying for design engineering for IIB, and perhaps some of IIC, with cash on hand.

Mr. Rowe presented a power point presentation. He advised they looked at the current cash balance as of the end of 2013 within the sewage works and at that time they had just under \$2.6 million in cash on hand. He reported that they compared the actual balances to the reserve requirements for the bond ordinance, which in total, was over \$2.9 million. He shared the most critical point they found was that we have fallen below what the required reserve level should be by about \$347,000.00. He advised the schedule does not include storm water cash balances; their approach was that storm water was self-sustaining so they did not assume the sewage works was utilizing storm water cash, with the exception of the \$292,000.00 that was pledged as part of repayment for the outstanding bonds.

Mr. Rowe presented the schedule of the estimated project costs and funding of Phase IIB. He advised they did not make any changes and understood the City was revisiting the current plan to look at ways to possibly improve on the existing LTCP. He stated they assumed the same numbers as last year totaling \$9,585,000.00 to be paid through sewage works revenue bonds. He noted they did not reflect any cash that would be applied to pay towards design engineering.

Mr. Rowe reviewed scenarios in terms of phased rate increase approaches. He explained the first scenario was a \$4/\$4/\$4 approach which basically assumes the sewage works would implement a flat \$4 increase per year over the next 3 years. Mayor Daniel questioned if Phase I would start this year. Mr. Rowe explained in their financial model they assumed it would start January 2015. He presented an illustration of the projected revenues compared to overall costs under this scenario.

Mr. Rowe reviewed the second scenario as a \$5/\$4/\$3 approach; in terms of dollars at the end of Phase 3 we would be at the same point as scenario 1 but were taking a tiered approach and accelerating slightly from scenario 1. He reviewed projected revenues and costs with this scenario.

Mr. Rowe reviewed the third scenario, a little more aggressive and also tiered approach, \$7/\$6/\$5 approach. He noted the cash position was improving as they move along in the scenarios and with this scenario we would meet all of the cash requirements by the end of 2016. Mayor Daniel questioned if this would be the only scenario that we would be able to pay for the project engineering costs for Phase IIB out of cash. Mr. Rowe advised this scenario as well as scenario 4.

Mr. Rowe reviewed scenario 4, which goes away from the tiered approach and looks at implementing a single phase rate increase of \$13 on the average bill. He stated the bill would immediately go from \$50 up to \$63 and would obviously start generating positive cash flows as soon as it was implemented. He explained this was the most positive forecasted fund balance

scenario; we would be fully recovered by the end of 2015 and in 2017 we would have just under \$1.2 million of cash available to apply towards design and other improvements.

Mr. Rowe shared a schedule comparison of other communities similar in size to Columbia City and also included news articles from other communities on what they are facing.

Ben Romine questioned Mr. Rowe if he had access to the cost structure of the other communities. Mr. Rowe felt they most likely would, but did not have it compiled into one data base.

Mayor Daniel questioned Mr. Rowe if we were paying for sewage works the same as other communities or were there more creative ways we have not investigated. Mr. Rowe stated we were very consistent with how most communities do it but there were communities who look at subsidizing sewer rates with other revenue sources (i.e. TIF, CEDIT).

Mayor Daniel asked to discuss this further at the next meeting and make a decision on what route to go.

Dan Weigold questioned if there was a recommendation of which option to go with. He questioned if scenario 1 would be realistic for us. Mr. Rowe felt the critical piece was the current cash deficiency and this scenario would not get us there. He recommended looking at implementing the rate increase in a single phase; that would replenish the cash balance by the end of 2015, none of the other scenarios do that. He advised we were already pretty far behind the 8 ball in terms of our cash position; he would not feel comfortable recommending the other phased approach to where, for the next 2-3 years, we were still in a cash deficient situation. He felt it was very important to replenish the cash as quickly as we can, if it was the City's plan to pay for design out of funds on hand. He explained under scenario 3 we would not fully replenish cash balances until the end of 2016.

Ben Romine assumed we did projections on the last bond and questioned why we were in the hole now. Mayor Daniel felt one of the reasons was because we had to take out an additional \$800,000 - \$1,000,000 bond to finish the last project. Mr. Rowe advised that was correct and the other issue was operating expenses were higher than the projections in the last increase. Ben Romine advised he just wanted to make sure we did not miss on the projections going forward. Mayor Daniel agreed.

Mike Cook shared that our dystor cover had a 10-15 life span for the membranes and in doing some research back in 2010 the cost for new membranes on a 42 ft. digester (ours is 50 ft.) was a little over \$200,000. He advised we were at 6 years this year. Ben Romine mentioned by the time we would build up cash in 2017 we could potentially have a \$200,000 repair. Mike Cook hoped that we would not and planned to have an inspection closer to the 10 year mark. Bill Simpson questioned if normal replacing and repairing of items was included in the projection. Mr. Rowe explained on page 8 of the detailed report they listed out anticipated capital improvements. He stated they also included inflationary increases but did not assume customer growth.

SCHOOL RESOURCE OFFICER UPDATE This issue was postponed until the next meeting.

KENT BYLER – AUNTIE ANNE’S PRETZEL TRUCK Kent Byler discussed the history of Auntie Anne’s and his vision for his pretzel truck and Columbia City. He explained with the food truck, and not having a lease, it gives him a lot more room with the profit margin. He advised they have been a proud sponsor of Riley Children’s Hospital for many years; he was challenging each community to support the pretzel truck while in town and in turn, at the end of the year, he would do an in-kind donation to Riley Children’s’ Hospital in the name of the town and Auntie Anne’s.

Mr. Byler wanted to know how they could grow in Columbia City. He advised they have a new relationship with Meijer and have had a relationship with Walmart for about a decade. He stated they were looking for anything else Columbia City had to offer that they could visit and to stay plugged into the community.

ORDINANCE 2014-3: KEY BOX EMERGENCY ACCESS SYSTEM (FIRE DEPARTMENT) – 2ND READING Motion was made by Weigold to read Ordinance 2014-3 by title only, Romine seconded the motion, all voted aye. Clerk Treasurer Rosie Coyle read Ordinance 2014-3 an ordinance requiring the installation of a key box emergency access system for use by the Columbia City Fire Department during an emergency or any other action deemed necessary by the Columbia City Fire Department and adding key box emergency access systems to Chapter 94 of the Municipal Code of the City of Columbia City, Indiana.

Motion was made by Romine to approve Ordinance 2014-3 on second reading, Penrod seconded the motion, all voted aye.

ORDINANCE 2014-6: ELECTRIC LOAN TO STORMWATER – 1ST READING Motion was made by Worrick to read ordinance 2014-6 by title only, Romine seconded the motion, all voted aye. Clerk Treasurer Rosie Coyle read Ordinance 2014-6 an ordinance of the City of Columbia City authorizing the municipal electric utility to make a loan to the city of Columbia City stormwater utility for the southwest stormwater project.

Mayor Daniel explained rather than having our electric utility dollars sit in an account and make very little interest and instead of having the stormwater utility go out and get a private loan we thought it would be a good idea to loan to ourselves with a 1% interest which benefits both the electric and stormwater utilities.

Bill Simpson confirmed this would in no way jeopardize the electric department. Mayor Daniel advised that was correct, as long as there were no major problems. Shawn Lickey explained with the fiber project was going to require upgrades but was well within his budget. Ben Romine questioned in the case they would need the money back, stormwater could borrow money privately and pay it back. Mayor Daniel advised that was correct.

Motion was made by Weigold to approve Ordinance 2014-6 as first reading, Penrod seconded the motion, all voted aye.

DEPARTMENT REPORTS Department reports were given by Mike Cook, Tim Longenbaugh and Shawn Lickey, Terry Wherry, Jeff Walker and Mike Shoda.

DOWNTOWN SPEAKER SYSTEM Terry Wherry reported on the speaker system that was being donated by USSI and would be installed on top of City Hall to use for weather warning announcements and for activities downtown. Mayor Daniel advised he would also like to play Christmas music.

YOUTH COUNCIL Eryn Schinbeckler was present on behalf of the Youth Council. She reported they served midweek meal at the Methodist Church and have talked about what they would like to do as their end of year service project.

OSHA SAFETY COMMITTEE Dan Weigold questioned where we were at with the safety committee. Mayor Daniel explained the safety committee was formed some time ago but it was more about how we could improve safety. He advised we had a fair amount of our guys attend an OSHA class and have additional OSHA classes coming up that we will be sending people to. He felt in the last month we have taken bigger steps towards improving the safety of our programs.

Having no further business to discuss the meeting was adjourned.

Mayor Ryan Daniel

Attest:

Clerk Treasurer Rosie Coyle