

**COMMON COUNCIL
TUESDAY, JANUARY 12, 2021
6:00 PM**

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

Council Members

Walter Crowder – Present
Jennifer Reffitt – Present
Jennifer Romano – Present
Tad Varga – Present
Daniel Weigold – Present

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

MINTUES Motion was made by Dan Weigold to approve an overview of the December 29, 2020 meeting minutes as presented, Jennifer Reffitt seconded the motion, Walt Crowder, Jennifer Reffitt, Tad Varga and Dan Weigold voted aye, Jennifer Romano abstained.

ELECTION OF COUNCIL PRESIDENT Dan Weigold nominated Walt Crowder to continue as Council President.

Motion was made by Jennifer Romano to close nominations and appoint Walt Crowder as Council President for 2021, Tad Varga seconded the motion, Jennifer Reffitt, Jennifer Romano, Tad Varga and Dan Weigold voted aye, Walt Crowder abstained.

ELECTRIC RATE ADJUSTMENT Buzz Krohn, Rate Consultant, and Lee Baatz, member of the Utility Rate Advisory Board, were present to discuss the electric rate adjustment proposal.

Buzz Krohn explained the current rates were approved by the Utility Regulatory Commission back in 2010 meaning the rates in place were about 12 years old. He noted some of the deferred maintenance and upgrades have caught up with the City. He advised at the end of 2017 we had almost \$3 million in the electric utility funds and as of June 30, 2020, we were down to about \$690,000.00 and of that amount about \$280,000.00 was meter deposit money which is not usable money. He stressed we have a working capital issue that needs to be addressed and there were still projects coming up. He noted the current rates were covering our operation and maintenance costs and the cost to purchase power from IMPA but anything above that (i.e. reconditioning, pole replacements, metering, etc.) all comes off our cumulative reserves and we need to get that remedied. He advised there were really 2 issues they were dealing with; there was about \$3 million per year in overhead for lineman and City cost of service for operating the utility and we have not generated any new money there for the last 10-12 years. He shared we have had a base consumer charge of \$4.88 per month for the last 12 years and were proposing to go to a \$15 customer charge per month, which was way under neighboring utilities. He added the variable usage charges would increase but relatively nominal amounts. He reviewed the

current and proposed numbers with Council. He noted our test year which ended June of 2020 we had a net operating loss of about \$400,000.00 but then also need additional funding for capital projects. He explained the \$10 per month base charge would generate about \$500,000.00. He pointed out that phase 1 would include the \$10 base charge adjustment and a 6.5% change in the variable usage charge, which would drive our revenues up. He continued to review the numbers for each phase. He advised we were just trying to get back to where we were 12 years ago. He advised we may need to know some interim financing for the substation projects.

Buzz Krohn advised the overall increase for Phase 1 was about 10.9% and Phase 2, which would be a year after Phase 1, would be an additional 2.7% in only the variable usage charges. He explained they wanted to have a little bit of time to assess what the revenues will be. He shared if we find that we are generating sufficient funds we could maybe hold back or defer implementation of Phase 2.

Buzz Krohn noted, even though we are not regulated under the IURC, he included a rate base and rate of return calculation. He explained when we went to the Commission 12 years ago we were approved for a 9% rate of return on our equity and utility plant service; Phase 1 would only produce about 2.5% rate of return and Phase 2 would get us up to about 6%. He explained from rate of return standpoint we were still well below what was approved when we were still under the Regulatory Commission jurisdiction.

Buzz Krohn continued to explain the rates and charges.

Lee Baatz, non-City customer and member of the Utility Board, added a few comments concerning the proposal. He noted how the non-current assets cash reserves fund had been drawn down substantially over the last 2 years. He also referenced the capital assets between 2018 and 2019 had a substantial increase. He noted we basically have gone 12 years of not passing on any cost increases but continuing to do capital upgrades. He pointed out the accumulated depreciation line, which has substantially depreciated over the years, which tells him there is a lot of aging equipment and will need additional cash reserves to replace those capital assets. He shared we were operating with an aged system that is going to need repairs and replacements in the future. He advised the Utility Board, in evaluating all of this, came to the recommendation to implement the increase in 2 phases.

Shawn Lickey, Electric Superintendent, discussed the multitude of upgrades his department has completed and are working on.

Tad Varga questioned if there was a reason for implementing this in two phases rather than one. Buzz Krohn explained the second phase would get us back to about the same net revenues as our rate case back in 2010. He shared they wanted to do something substantial in Phase 1 which would be the \$10 increase on the base charge and 6.5% increase on the variable cost per KW hour. He shared they would like to get to Phase 2 but thought having that year in between would not be quite as big of a jolt to everyone and it would allow them to assess what the real impact will be of Phase 1. He advised it was certainly an option if the Council would like to implement both phases right now.

Walt Crowder noted we have a lot of high dollar capital projects in 2021 and 2022. He questioned if the rate increase would cover those costs so that when we get to the end we would not be back where we are today. Buzz Krohn advised it eventually would and may need to do interim financing for some of the big ticket items.

Attorney McNagny questioned, for the drafting of the ordinance, when the start date would be for Phase 2. Buzz Krohn shared since they were not sure of the initial effective date he suggested it start one year from the effective date. He questioned if Council decided a year from now they maybe did not need all of Phase 2 would there be a problem in deferring implementation of that or would it require an ordinance amendment. Attorney McNagny felt if that should be the case they should do an amendment.

Walt Crowder questioned if there was an example where they could see the difference in the adjustments. He felt if step 2 was only going to be a small percentage he felt it made sense to only do one step. Buzz Krohn explained Phase 2 basically generates another \$250,000.00 per year overall. He advised individually per customer it was a little over a penny per KW hour which for 1,000 KW hours it would calculate to \$10.00. Tad Varga questioned if that would be on a monthly basis. Buzz Krohn advised it would. Tad Varga questioned if that was typical usage. Buzz Krohn shared there were a lot of variables but thought typical would range between 1,000 – 1,500 KW hours. Tad Varga confirmed that would be the increase from Phase 1 to Phase 2. Buzz Krohn advised it would. Tad Varga felt that was a pretty significant jump. Buzz Krohn advised that was part of their rational in breaking it into phases.

Jennifer Reffitt confirmed if they would do one phase they would be looking more at \$20 - \$25 increase per resident. Buzz Krohn advised that was correct; \$10 base charge and about another \$15 on the usage charge.

Tad Varga liked the 2 phase process; get to where we need to be, at least at a minimum basis, and then if we have to go for the other increase then we do that as needed with the notion it could possibly go down.

Buzz Krohn advised he may have misspoke on the Phase 1 to Phase 2 increase; it was really only ½ cent per KW hour. Tad Varga confirmed that would roughly equal \$5 - \$10 additional per customer per month. Buzz Krohn advised that was correct. He shared we would get to \$10 on the base charge but the KW hour charge would only go up to .8 in Phase 1 and about .4 in Phase 2. He advised he would put a table together that shows the current and proposed rates and different usages.

Mayor Daniel questioned Council if it was their preference to move forward with having an ordinance drafted for a 2 Phase rate increase per Buzz's guidelines. Council agreed.

ORDINANCE 2020-38 - ZONING ORDINANCE AMENDMENT – 2ND READING Motion was made by Jennifer Romano to read Ordinance 2020-38 by title only, Tad Varga seconded the motion, all voted aye. Clerk Treasurer Rosie Coyle read Ordinance 2020-38 an ordinance amending the zoning classification of certain property from the “R-1” Single-Family Residential District to the “LB” Local Business District.

Mayor Daniel noted this was for the park property the City was swapping with the Community Foundation

Motion was made by Jennifer Reffitt to approve Ordinance 2020-38 on second and final reading, Dan Weigold seconded the motion, all voted aye.

DISCLOSURE OF RELATIVES APPROVAL Motion was made by Jennifer Romano to approve the Mayor/Council member disclosure of relative's contract with municipality for Mayor Ryan Daniel, Tad Varga seconded the motion, all voted aye.

Motion was made by Walt Crowder to approve the Mayor/Council member disclosure of relative's contract with municipality for Clerk Treasurer Rosie Coyle, Dan Weigold seconded the motion, all voted aye.

DEPARTMENT REPORTS **Scott Leatherman** – extra patrol in areas where our US Representative lives and does business as there have been random threats, Officer Braxton Madison completed 40 hr. training and has started FTO, Officer Branecki and Baker will resume virtual academy on January 19. **Shawn Lickey** – Christmas decorations down, working with IDEM on underground storage tank violations, update on solar park. **Mike Shoda** – 3 water main breaks, Board of Works approved purchase of new Vactor truck. **Chip Hill** – starting remediation at Cardinal Grain, moving forward with the Community Crossings for Westgate and other streets, applied for INDOT grant for trail to high school. **Wastewater** – Long Term Control Plan progress meeting.

Having no further business to discuss the meeting was adjourned.

Mayor Ryan Daniel

Attest:

Clerk Treasurer Rosie Coyle