

**PERU UTILITIES
MINUTES OF THE PERU UTILITIES SERVICE BOARD MEETING OF
JANUARY 6, 2021**

The Peru Utilities Service Board held a meeting at the Peru office at 335 East Canal Street, Peru, Indiana, and virtually through video conferencing via Zoom, on Wednesday, January 6, 2021. Chairperson Mary Costin called the meeting to order at 4:00 p.m. pursuant to notice as required by law. The following Board members were present Ms. Mary Costin, and Mr. Dave Van Baalen. City Attorney Dustin Kern and Board members Mrs. Jami Edwards Mr. Richard Donoho and Mr. Chris McKinney attended virtually. Others present Mr. Josh Chance, Mrs. Brenda Tillett, Ms. Joyce Clark, Mr. Jamin Beisiegel, Mr. Lee France, and Mrs. Patricia Russell-City Council Liaison.

1.) APPROVE BOARD MINUTES OF DECEMBER 16, 2020:

*Mr. Van Baalen moved that the minutes of December 16, 2020, be approved.
Mr. Donoho seconded the motion. The vote was unanimous, the motion passed.*

2.) PAYMENT OF CLAIMS:

Mr. Donoho moved to approve the claims as presented. Mrs. Edwards seconded the motion. The vote was unanimous, the motion passed.

3.) NEXT REGULAR MEETING:

The next regular meeting will be held on-site Wednesday, January 20, 2021, at 4:00 p.m. in the Team Teaching Room and virtually through Zoom video conferencing. The link to join the meeting will be advertised in the Peru Tribune before the meeting date.

4.) PUBLIC COMMENT: None

5.) OLD BUSINESS: None

6.) NEW BUSINESS:

A.) ELECTION OF OFFICERS:

CHAIRPERSON: *Mr. Donoho made a motion to nominate Ms. Costin as Board Chairperson for 2021, seconded by Mrs. Edwards. It was voted, unanimously that Ms. Costin is Board Chairperson for 2021, the motion passed.*

SECRETARY: *Mr. Donoho made a motion to nominate Mrs. Edwards as Board Secretary for 2021, seconded by Mr. McKinney. The vote was unanimous, the motion passed.*

B.) ANNUAL REVIEW OF PERU SERVICE BOARD POLICY STATEMENT CONCERNING BOARD RESPONSIBILITIES AND FUNCTIONS:

The Board Policy Statement concerning responsibility and functions is reviewed at the first meeting of the new-year in conjunction with the election of officers. The Board had no comments or changes.

Mr. McKinney made a motion to accept the Board Policy Statement as presented. Mrs. Edwards seconded the motion. The vote was unanimous, the motion passed.

C.) APPROVE SRF DISBURSEMENT REQUEST #26 FOR THE GRISSOM WATER SYSTEM IMPROVEMENTS:

The Board considered the following SRF disbursement request #26 for the Grissom Water System Improvements.

Disbursement #26, Wessler Engineering, for professional services for the period of 11/1/20 – 11/30/20, for \$8,678.00.

Mrs. Edwards made a motion to approve disbursement request #26 for the Grissom Water System Improvements for \$8,678.00. Mr. Donoho seconded the motion. The vote was unanimous, the motion passed.

7.) CITY ADMINISTRATION UPDATE:

Ms. Costin introduced Mrs. Patricia Russell as the new Liaison between the Peru City Council and the Utility Service Board. Mrs. Russell stated that at the January 4 City Council meeting Mrs. Betsy Smith was elected as Chairperson for 2021 and that she is the Vice-Chairperson for 2021. She noted that several council members had changed some of their committee assignments. She is also the Liaison to the Aviation Board, Planning Commission, and the Civic Center Advisory Committee. Most of the council members remained on the same committees except for Mr. Anderson who has taken on the 911 Advisory Board and Ms. Kathleen Plothow who is now on the Ordinance Committee and Historic Preservation Committee. She stated that at the January 4 Council meeting there was not a lot accomplished because Mayor Miles Hewitt was out due to the COVID.

8.) CITY ATTORNEY'S UPDATE: None

9.) MANAGER'S REPORT:

EXPLANATION OF PERU UTILITIES RESOLUTION PERTAINING TO THE MAYOR AND CLERK-TREASURER SALARIES:

Mrs. Russell inquired on behalf of the City Council as to what Peru Utilities' role in the payment of the Mayor and Clerk-Treasurer, salaries are and wanted to have information about Peru Utility Payment in lieu of tax (PILT) and Return on Investment (ROI) to the City. She noted that the Council Members had discussed funneling the money paid from Peru Utilities for the Mayor and Clerk-Treasurer salaries back to Peru Utilities to use in response to the COVID-19. She said that the City Council had tabled the matter until more information on the subject is available. Mr. Chance explained that our records indicate that for well over 50 years it has been the precedent of the Utilities to pay a portion of the Mayor and Clerk-Treasurer salaries. He read the minutes from October 1967, *Communication received from Clerk-Treasurer Gaunt requesting an \$800.00 per year salary increase. Board proposes an increase of \$200.00 per year each for the*

Mayor, City Attorney, and Clerk-Treasurer. Mr. Chance explained that Peru Utilities does not pay taxes because we are a part of the City of Peru. We share the same tax ID number. The Mayor and Clerk-Treasurer salaries in addition to the PILT and ROI are paid to the city annually. Mr. Chance explained that it is ultimately not up to Peru Utilities whether the City Council passes its resolution pertaining to the Mayor and Clerk-Treasurer salaries. When the Peru Utility Service Board passes our resolution with regard to the Mayor and Clerk-Treasurer salaries as far as Peru Utilities is concerned the matter is closed. The City Council is responsible for what comes next. Mrs. Russell inquired what the salaries for the Mayor and Clerk-Treasurer were for the City of Wabash and the City of Logansport. It was noted that the Mayor and Clerk-Treasurer and City Council would need to conduct the necessary research for that information.

PAYMENT IN LIEU OF TAXES (PILT) AND RETURN ON INVESTMENT (ROI):

Mr. Chance stated that Peru Utilities does not pay taxes because we are part of the City of Peru. We share the same tax ID number, therefore; we cannot pay taxes to ourselves. He summarized the history of the PILT and the ROI stating that both were created in 1981 and noted the progression throughout the years with documentation. He explained how the PILT and ROI were created, to protect municipal utilities financially from being raided by the cities, they serve. Cities at that time had recognized that there was an income stream that utilities were receiving and cities wanted to make up for their budget shortfalls and were bankrupting their utilities. Annually Peru Utilities pay the City \$769,073.00, of which \$531,038.00 is paid from the Electric Division for the PILT and ROI payments, and of which \$238,035.00 is paid from the Division of Water Management for the PILT payment. The Mayor's salary/\$28,281.47 and the Clerk-Treasurer's salary/ \$18,710.89 is paid through our payroll. All included Peru Utilities pays the City of Peru annually a total of \$816,000.00 in lieu of taxes. The PILT electric payment is \$91,600.00 twice annually and the water PILT payment is \$119,017.50 annually. The ROI is paid at \$28,986.50 monthly. He explained that in his recent conversation with Baker Tilly, we are one of the few municipals that pay an ROI and that ours is quite high. Baker Tilly is looking into the matter so that it can be addressed when a new rate structure is designed within the next couple of years. Mr. Chance speculated that without Peru Utilities' payments to the Mayor and Clerk-Treasurer annually it would reduce their salaries significantly making compensation well below that of similar cities. Mr. Van Baalen inquired if all the money could be paid in one lump sum and then the City would pay the Mayor and Clerk-Treasurer's salaries out of that. Mr. Chance responded that because the PILT and ROI money is built into our rates, it must be recognized that any changes to the PILT or the ROI will trigger new rate studies for both electric and water to ensure that our rates are in line with our costs. Mr. Chance also explained that the PILT is based on our actual assets and what the taxable value is if we were a private company. Mr. Chance said that a new Electric Rate Study was performed in 2015/2016, which lowered our electric rates by 2/10th of 1 percent reducing the PILT payment to \$183,200.00 due to its lower asset base. So that the City would not experience a shortage the Utility increased the ROI by the same amount so that the City would ultimately, receive the same total amount. Mr. Chance stated that he would be available to address these issues and answer any questions that may arise at the February Peru City Council meeting.

PERU UTILITY LOBBY REMAINS CLOSED:

Mr. Chance stated with the rise of COVID-19 cases in the community, the lobby remains closed. However, our drive-through is still open. Our office hours are 7:30 a.m. to 4:30 p.m. Monday through Friday, excluding major holidays.

BOARDROOM RENOVATION:

Ms. Costin inquired if the window replacement and overhang repair cost of \$55,000 was for the Boardroom. Mr. Chance said it was and that we are in the process of obtaining more quotes.

GRISSOM WATER SYSTEM IMPROVEMENTS PROJECT UPDATE:

Mr. Chance stated that the Grissom Project is moving forward. There had been a few delays but nothing out of the ordinary. The outside of the Grissom Water Plant has been repainted, and the contractor is painting a few of the water tanks. Mr. Beisiegel will give further details at the next Board meeting.

PERU WATER PLANT – MAGNETIC FLOW METER:

Our water loss is still between 38-40% according to our readings and it has been that way for a while. IDEM wants our water loss to be less than 25%. We would like to see it between 12-16% loss. It is felt that the problem is attributed to an aging magnetic flow meter. This week a contractor is replacing the old magnetic flow meter with a new 16-inch magnetic flow meter.

YEAR-END CLOSING:

Ms. Clark and her staff are busy working on the year-end closing. The financials for October and November will be in the January 20 Board packet.

10.) ADJOURNMENT:

There being no further business to bring before the Board, Mr. Van Baalen made a motion to adjourn. Mr. Donoho seconded the motion. The motion passed, the meeting adjourned.

Jami Edwards, Secretary Peru Utilities Service Board