

**PERU UTILITIES
MINUTES OF THE PERU UTILITIES SERVICE BOARD MEETING OF
JANUARY 27, 2016**

The Peru Utilities Service Board held a meeting at the Peru office at 335 East Canal Street, Peru, Indiana, on January 27, 2016. The meeting was called to order by Mr. Akers at 4:00 p.m. pursuant to notice as required by law. The following Board members were present: S. Akers, M. Costin, G. Ward, J. Richter and J. Edwards. Others present: R. Merriman, B. Tillett, J. Chance, L. Starkey, and D. Herda-Peru Tribune.

1.) APPROVAL OF BOARD MINUTES OF JANUARY 13, 2016:

On a motion from Mr. Richter, seconded by Mr. Ward, the minutes from the January 13, 2016, were approved. The motion carried unanimously.

2.) PAYMENT OF CLAIMS:

A motion was made by Ms. Costin, seconded by Mr. Ward to approve the claims for payment as presented. The motion carried.

3.) NEXT REGULAR MEETING:

The next regular meeting will be held Wednesday, February 10, 2016, at 4:00 p.m. in the Utility Service Board room.

4.) OLD BUSINESS: None

5.) NEW BUSINESS:

A.) POWER PLANT DEMOLITION UPDATE:

Mr. Chance said that we are undergoing the early stages of a Request for Proposal on how to dispose of the Power Plant. He noted that he had recently spoken to several demolition contractors who have performed power plant demolition projects similar to our scope and size. He said that some contractors were interested in purchasing the valuable items in the power plant and leaving the rest that was not valuable. Mr. Chance said that he had recently spoken with Jasper Utilities and Hendersonville Kentucky Utilities about their power plant demolitions. Hendersonville, Kentucky Utilities had already demolished their power plant. Their power plant was similar to ours in its location in the city and its proximity to a river. Mr. Chance inquired in regards to demolition if they would have done anything differently and if there were any regrets in the disposition. Also, it was asked about the grounds and if there would be anything required to be completed if we decided to sell the property. Mr. Chance explained that the first question asked by them was once the demolition was complete, what were our thoughts towards usage of the land. This would be a big determinant in how we may proceed. It was noted that Hendersonville Kentucky Utilities had demolished their power plant leaving remnants of the basement intact, a foot below grade, with holes drilled in the foundation for drainage. This was performed at no cost to Hendersonville. Because metal scrap prices are currently low, it would determine the total cost of the project as well as the asbestos and hazardous materials removal costs. Mr. Akers inquired if they had any future

plans for that land since the demolition. Mr. Chance explained that it was developed into a walk through park with no plans ever for any type of construction. Mr. Chance stated that Jasper Utilities is currently entertaining selling the land, and plan to demolish the basement and prepare the land for a future building site. Their situation differs from ours, since their power plant is located outside of town and is flat ground. They might choose to sell their property for development.

Mr. Chance noted the options available to us. We can demolish the structure several feet below grade, drill holes in the basement walls and foundations and backfill the site and do nothing with the property. The highest cost option due to the amount of concrete would be to excavate the site completely. Mr. Chance also noted that the hazardous material assessment had not been started. Mr. Akers questioned if we would know the amounts involved if we pursued an assessment. Mr. Chance stated that he was not in receipt of an answer primarily due to the scrap prices and the amount of concrete at the site. Discussion followed and it was noted that the value would come from the power plant itself due to the amounts of steel, copper and equipment. The coal bunker may hold some scrap metal value but not a significant amount. Concrete removal costs of the bunker would be significant. It was noted that should we entertain selling the grounds consideration would need to be made as to what could be constructed on the site as our filtration plant is adjacent to it.

Ms. Costin inquired if Hendersonville Kentucky Utilities had any regrets when they demolished their power plant. Mr. Chance said that they were pleased with the company they had attained noting that they were extremely professional. Mr. Akers inquired as to the time frame for their demolition. Mr. Chance said that it took from six to eight months. Mr. Chance pointed out that they had chosen the least cost option for them. It was noted that Hendersonville's Kentucky's soil contamination was a depth of fifteen feet.

Mrs. Edwards noted that the lower cost option would be to maintain the ground as a green space, but that would limit the sale of that land in the future. She said that if it were the intentions to sale the property, the land would have to be prepared accordingly. Mr. Merriman pointed out that if the property were to be sold, we would need to be specific as to what would be allowed to be constructed on that property. There was discussion and Mr. Merriman stated that the more restrictive the covenants allowed in the deed; the less valuable the property would be become to a prospective buyer. Mrs. Edwards pointed out that not only are green spaces appealing to a community, they increase the value of the community along with the likeability, and that they also create places where people want to invest. Mr. Merriman stated that the site would better as a green site, verses a dilapidated building sitting on the site. There was discussion about what types of buildings could be constructed on the site after power plant is torn down. Mrs. Edwards stated that she had found a list of things that could be constructed, but were very limited and not too appealing. Mr. Richter pointed out that there was a lot of infrastructure that transits through that area. It was noted that there were two

distribution mains, a well line, a thirty inch sewer, plus the fact that the water plant was adjacent to it, which was constructed in 1932. Mr. Richter felt it not a good idea to sell the land and have no room for expansion or changes to the water plant. The Board discussed existing amounts of unseen buried infrastructure. Ms. Costin felt the property was more valuable to us than anyone else. Mr. Akers stated that he felt and the Board agreed that selling the property would not be a good idea, but that preparing the land for the future use of the utility should be done. Mr. Chance said that he could separate the demolition costs as two separate costs, based on three buildings, the pump houses, the coal bunker and the power plant. Alternate I and Alternate II. His opinion was that the water lines should remain underneath the parking lot. Mr. Ward felt that the Board could not make a decision until an environmental study is completed. The Board would have to approve the money for that study, along with the soil borings so that we can ascertain what our options are.

Mr. Chance suggested an authorization for a Phase I Study. The study would be inclusive of buildings and lands surrounding the site so that an assessment of hazards and contaminants from any prior years could be completed. It was noted that a title search would also be performed, which will uncover any restrictions or allowances attached to the property, along with any potential asbestos or PCB contamination. This will give us information as to what kind of contaminants is possible. A Phase II Study is required when a recognized environmental condition is found during the Phase I Environmental Assessment process, it identifies the amounts. He said that a Phase II Environmental Assessment consists of collecting soil samples to screen for chemical or metal contamination.

Mr. Chance said that he had already received one asbestos survey, for a cost of \$9,000.00 along with one quote for a Phase I Study, which was less than \$3,000.00. He plans to get several more quotes. Mr. Ward felt that after Phase I is complete a Phase II Study should also be authorized, unless we see something in Phase I, that dictates that we don't need to go any further. Mrs. Edwards asked if the Board could have an outline in regards to the requirements of the demolition process, so that the Board could begin thinking about what would need to be considered and what the next steps would be, so that they are able to research similar areas and similar processes. Mr. Chance said that he would prepare a summary for the Board's review before any demolition takes place.

Stan Akers inquired if Mr. Chance had identified a firm for the study. Mr. Chance said that he did have a firm in mind, but wanted to acquire another quote. Jasper Utilities had used Environmental Resources Management and completed their study for \$50,000.00, along with the RFP for demolition. Hendersonville Utilities had used a firm out of Louisville, Kentucky, but Mr. Chance felt they were more expensive than companies around us. Mr. Akers inquired if Board action was needed to do the first study. Mr. Chance said that the quote that he now has is \$2,200.00, which is a firm quote. Mr. Merriman said that amount of money did not rise to Board action level, but when they got to Phase II, which could be

\$25,000.00 - \$30,000.00, that would require Board action to authorize the Board to proceed. Mr. Akers inquired what the time lapse for Phase I would be. It was noted it would be about three weeks. Mr. Chance said that he would proceed immediately with the Phase I Study and put information together in an outline, which would also include a timeline.

Mr. Merriman said there will be legalities on how to dispose of surplus utility property. We will need the assistance of City Attorney Pat Roberts on this matter. Mr. Merriman also said we will need to see if the Peru City Council will need to be involved.

Mr. Akers asked if Mr. Chance could find out if any utilities had chosen to mothball their power plant. Mr. Chance noted that Hendersonville Utilities had mothballed their plant for several years.

Mr. Merriman advised Mr. Chance that he should contact Travis City. They had a coal fired plant on the Grand Travis Bay; that was taken out of service several years ago and then eventually demolished. Also Mr. Merriman advised Mr. Chance to call Holland, Michigan as well. They are in the process of decommissioning their power plant on Lake Macatawa, but Mr. Merriman was unaware of their plans for the structure once decommissioning is complete. It was noted that the only reason we would mothball the power plant would be if the equipment was reasonably efficient, and if it was thought in the near future the economics would change, so that we could put the power plant back into service. Our equipment is 1940's vintage, and inefficient.

- 6.) **CITY ADMINISTRATION UPDATE:** None
- 7.) **CITY ATTORNEY'S UPDATE:** None
- 8.) **MANAGER'S REPORT:** None
- 9.) **ADJOURNMENT:**

There being no further business to bring before the Board, Mr. Richter made a motion to adjourn. Mrs. Edwards seconded the motion. The meeting adjourned by unanimous consent.

Jim Richter, Secretary Peru Utilities Service Board