

**PERU UTILITIES  
MINUTES OF THE PERU UTILITIES SERVICE BOARD MEETING OF  
OCTOBER 2, 2019**

The Peru Utilities Service Board held a meeting at the Peru office at 335 East Canal Street, Peru, Indiana, on October 2, 2019. The meeting was called to order by Mr. Akers at 4:00 p.m. pursuant to notice as required by law. Board members present S. Akers, M. Costin, D. Van Baalen, J. Edwards and M. Burnell. Others present: Mayor Gabriel Greer, Attorney Dustin Kern, J. Chance, B. Tillett, J. Beisiegel, J. Clark, B. Zartman, B. Hall, S. Hadler, and S. Miller & S. Hadler-Bakertilly, L. Banres, and J. Languell-City Council Liaison.

**1.) APPROVE BOARD MINUTES OF SEPTEMBER 18, 2019:**

*Mr. Burnell moved to accept the Board minutes of September 18, 2019, meeting as mailed. Mr. Van Baalen seconded the motion. Mrs. Edwards abstained because she was not present at that meeting. Motion carried.*

**2.) PAYMENT OF CLAIMS:**

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

**3.) NEXT REGULAR MEETING:**

The next regular meeting will be held on Wednesday, October 16, 2019, at 4:00 p.m. in the Utility Service Boardroom.

**4.) PUBLIC COMMENT: None**

**5.) OLD BUSINESS:**

Mr. Burnell inquired if Mr. Chance had received any information with regard to the Peru Combined Sewer Overflow Long Term-Control Plan. Mr. Chance stated that he and Mr. Beisiegel will be meeting with Commonwealth Engineering next week.

**6.) NEW BUSINESS:**

**A.) APPROVE CONTRACTOR FOR INDIANA 19 SOUTH REBUILD:**

Mr. Chance explained that Peru Utilities will be needing to hire a contractor for the Indiana Hwy 19 south rebuild. The work will assist in power quality and outage control.

Mr. Chance presented the Board with a list of bidders as follows. He recommended to accept the bid from Arc American for \$62,386.33 for the first phase.

<b>J &amp; J Electric</b>	<b>\$91,317.00</b>
<b>Gaylor Electric</b>	<b>\$89,075.00</b>
<b>Arc American</b>	<b>\$62,386.33</b>
<b>LE Meyers</b>	<b>No Bid</b>

*Mr. Burnell made the motion to accept the bid of Arc American, as the low bid for \$62,386.33 for the first phase for the Hwy. 19 Rebuild Project. Mrs. Edwards seconded the motion. The motion carried.*

**B.) BOARD PRESENTATION AND CONSIDERATION OF WATER RATES FOR THE GRISSOM AEROPLEX SERVICE AREA:**

Mr. Chance stated that there are two options available for financing the Grissom water rates, One-Phase, which is based on the Schedule of Present and Proposed Rates and Charges to support \$3.5 million State Revolving Fund (SRF) financing. This proposal, once passed by the City Council, will increase rates to recover revenue for the full amount of the project financing. If we receive any Office of Community and Rural Affairs (OCRA) grant money, we would amend the rates downward proportionally. The second option, Two Phases, will make the Utility financially whole. This proposal, once passed by the City Council, will immediately increase rates to recover our current operating and maintenance costs without any improvements. Upon closing of the SRF financing, Phase II will be implemented for the revenue requirements associated with a \$3.5 million bond issuance. This will be included in the Rate Ordinance so we do not have to go back to the City Council for approval. Mr. Chance stated that if we receive any OCRA grant money, the rates would be amended downward proportionally.

Mr. Hadler of Bakertilly made an in-depth presentation to the Board with regard to their findings on the Grissom Water Rate Study, which amounted to essentially the two choices. The study was based upon a 12-month period, adjustments made for future increases, expenses and debt service to get to an overall Pro Forma number for the Grissom Water Utility. The pro forma financial information showed the financial effects on the utility’s revenue and revenue requirements of an adjustment in rates and charges for service and other charges that may be reasonably fixed, known or measured. He noted that with the operation and maintenance expenses, master equipment lease rental, and annual debt service it will be a \$3.5 million dollar bond issuance advertised over 20 years at 3% interest through the State Revolving Fund Loan Program. He noted that the percentage increase in revenues required overall is 90.2% across the Board; Grissom Water needs a large increase in order to maintain the day-to-day operations of the utility. Mr. Hadler summarized the comparisons of the allocated cost of service with revenue under adjusted rates under the different customer classifications. He noted that what is currently being billed and collected is not properly aligned with the cost of servicing those customers; it is a different increase for each customer class as follows:

**PERU (INDIANA) MUNICIPAL UTILITIES - GRISSOM WATER  
COMPARISON OF MONTHLY BILLINGS PRESENT AND  
PROPOSED RATES AND CHARGES**

Gallons	Present	Proposed	Difference	
	Rates	Rates	Dollars	%
Residential: (Based on 5/8 inch meter)				
3,000	\$13.43	\$30.44	\$17.01	126.66%
4,000	17.63	36.39	18.76	106.41%
6,000	26.03	48.29	22.26	85.52%
8,000	34.43	58.79	24.36	70.75%
16,000	63.47	95.19	31.72	49.98%
Other Sales to Public Authorities: (Based on 1-inch meter)				
5,000	\$32.66	\$75.41	\$42.75	130.89%
6,000	32.66	75.41	42.75	130.89%
8,000	34.76	90.27	55.51	159.70%
16,000	64.63	126.67	62.04	95.99%
32,000	116.52	186.88	70.36	60.38%
Commercial: (Based on 2-inch meter)				
25,000	\$96.01	\$224.27	\$128.26	133.59%
30,000	113.21	247.02	133.81	118.20%
40,000	136.01	292.52	156.51	115.07%
80,000	227.21	439.87	212.66	93.60%
160,000	409.61	719.87	310.26	75.75%
Industrial: (Based on 6-inch meter)				
75,000	\$401.83	\$1,213.65	\$811.82	202.03%
100,000	401.83	1,213.65	811.82	202.03%
178,000	465.67	1,311.65	845.98	181.67%
620,000	1,473.43	2,858.65	1,385.22	94.01%
2,600,000	5,987.83	9,788.65	3,800.82	63.48%

Mr. Van Baalen inquired if the Fire Protection Charge was included in the new water rates. It was noted that the Fire Protection would be a separate charge on a customer’s bill. Since Fire Protection hasn’t been adjusted since 2002, the increase will help to maintain the system and keep it up-to-date, the cost is factored into capital improvements.

Mr. Chance asked the Board their opinion on which of the options should be pursued and the Board was in favor of the \$3.5 million One-Phase Grissom Water Rate adjustment.

*Mrs. Edwards made a motion to accept the One Phase Grissom Water Rate One-Phase Adjustment as proposed for \$3.5 million and Resolution 2, 2019. Mr. Burnell seconded the motion. Motion carried.*

Attorney Dustin will compose a Rate Ordinance to be considered at the November 4, 2019, City Council meeting and voted on at the December 2 City Council meeting.

7.) **CITY ADMINISTRATION UPDATE:** None

8.) **CITY ATTORNEY’S UPDATE:** None

9.) **MANAGER REPORT:**

**IMPA SOLAR PARK:**

IMPA is looking to purchase 76 acres behind Blair Ridge to construct another Solar Park in 2021.

**FUTURE GENERATION:**

Mr. Chance reported to the Board that looking into the future as coal and nuclear generation continue to drop off we would be shifting forward to natural gas, wind, and solar generation. Overall, he felt that within the next ten years electric rates would increase substantially.

**VALVE EXERCISING:**

Mr. Beisiegel stated that M. E. Simpson is working on exercising valves over the next couple of months in Peru. Mayor Greer inquired if this could lead to low water pressure. Mr. Beisiegel explained that it could during the exercising process.

**UNION NEGOTIATIONS/NEW CONTRACT:**

Mr. Chance and staff have met with the union to exchange ideas.

**PUBLIC HEARING-OCRA GRANT:**

The Public Hearing for the OCRA Grant will be held on November 1, 2019, at 3:30 p.m. at the Peru Utility Administration Office at 335 East Canal Street. The application is due November 22, 2019.

**October 2, 2019 – Cont’d.**

**10.) ADJOURNMENT:**

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

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Matthew Burnell, Secretary Peru Utilities Service Board