

**MINUTES  
CITY OF ST. CHARLES, IL  
GOVERNMENT SERVICES COMMITTEE MEETING  
MONDAY, APRIL 25, 2011, 7:00 P.M.**

**Members Present:** Aldr. Stellato, Aldr. Monken, Aldr. Penny, Aldr. Carrigan, Chairman McGuirk, Aldr. Turner, Aldr. Martin, Aldr. Krieger, Aldr. Bessner, Aldr. Lewis

**Also Present:** Mayor DeWitte, B. Townsend, M. Koenen, J. Bernahl, R. Gallas, J. Lamb, P. Suhr, T. Bruhl, J. Lamkin, C. Minick

**1. Meeting called to order at 7:00 p.m.**

**2.\*a. Electric Reliability Report, February 2011**

Motioned by Aldr. Carrigan, seconded by Aldr. Stellato. Approved unanimously by voice vote. **Motion carried.**

**3.a. Presentation of the Utility Rate Study (Electric/Water/Wastewater)**

**Chris Minick presented.** In summer 2010, the City Council commissioned and entered into a rate study for the City's three major operating utilities, the Electric Utility, the Water Utility and the Wastewater Utility. There were essentially two primary goals that we hoped to achieve with the completion of this rate study. The first goal was to ensure the rate structure of the utilities was providing revenues that were adequate to meet the operating, capital and debt service expenditures of the City's three major utilities. The other primary goal was to make sure the rate structure was providing a revenue stream that was adequate.

After a comprehensive and competitive request for proposals, R.W. Beck & Company was selected to perform the rate study. They have completed their data analysis and they are with us this evening to present their findings. With that, I will turn the podium over to Brown Thornton with R.W. Beck.

**Chairman McGuirk:** Please state your name and address?

**Mr. Thornton:** Brown Thornton, I'm with R.W. Beck in Nashville, TN.

Power Point presentation by Brown Thornton.

**Aldr. Turner:** For the Large Industrial User Rate 7, you've got this monthly customer charge; what does that entail, because that seems to go up steadily through the four year period.

**Mr. Thornton:** What we tried to spread that over a four year rate plan, instead of going to the higher customer charge all at once, we basically said here's where we are today, and at the end of four years, you see the target. We just did a little bit each year – we spread the increase over the four-year period.

**Aldr. Turner:** That customer charge entails what?

**Mr. Thornton:** It is an allowance for metering, billing, customer care, as well as some recognition for industrial customers that you spend, per customer, an inordinate amount of investment and time. For example, when you guys get ready to charge that customer, there is at least twice the billing data. You care to make sure those bills are correct and you have more interaction with the customers on a per customer basis. Even on an investment basis, if I say that a residential meter may cost you \$50 where an industrial meter installation not only has the meter, it also has other equipment because it's typically at a different voltage. So just the meter itself and the metering installation could cost you 100 times more than a residential customer.

**Aldr. Turner:** Were you getting at that demand summer charge where I know we are getting billed extra from our supplier because we don't have a high enough base we get an extra hit on that during the summer months, is that right, Glynn?

**Mr. Amburgey:** No, that's the way it used to be.

**Aldr. Turner:** I got the impression that our base wasn't high enough because you said last year that we're paying more for power than we anticipated.

**Mr. Amburgey:** What that is referring to is as we buy less because of a reduction in load, the cost per kilowatt hour went up.

**Aldr. Turner:** So when you talked about this demand for a 24/7 user.

**Mr. Thornton:** You have a demand charge and an energy charge. What has happened here, as well as all over the country, especially in areas where you've had an economic downturn, you take a hit on the energy side, not so much on the demand side. If you turn your heat back, you still have the same demand, you just don't run it as much. In regard to an industrial user, you look at a shift operation. If you have a three-shift operation and you shut down one shift, you have the same demand with a third less energy. Your cost per kilowatt-hour goes up because with a given amount of demand, you've purchased less energy.

**Aldr. Turner:** So if we had more 24/7 high demand industrial users, would that eliminate that extra load charge in the summer that you talked about – if we had a higher constant demand for power?

**Mr. Amburgey:** What you are saying, I believe is correct. I'm not sure I understand the context of the question.

**Aldr. Turner:** The context is why would we discourage 24/7 users from coming to the City by increasing their rate above other areas or in a non-competitive way with our neighbors?

**Mr. Amburgey:** We're not doing that. Our 24/7 customers would be at the bottom end of the curve. That's our current rate 7 structure, which is designed in that manner, so the more they use, the lower the cost per kilowatt hours.

**Aldr. Turner:** Are they subject to that summer demand bump from IMEA or not?

**Mr. Amburgey:** No.

**Aldr. Stellato:** Mr. Thornton, have you ever done a rate study where you haven't recommended an increase?

**Mr. Thornton:** I've been doing this for 30 years, and I've done one study where a rate decrease was actually called for. Most of the time we are called to the table with the rate increase discussions; there are many reasons, but inflation is one. When your rates are set flat and your underlying cost structure is going up, there's not much room to match those costs. Rate decreases are rare; but you did have one here, though, just a few years ago.

**Aldr. Stellato:** Let's just say we are going to ask our citizens to pay more for utilities – do we have to do this again or is there a cost of living or inflationary projection built into our budget, or do we have to come back next year and say another 2% because CPI went up?

**Mr. Thornton:** This is a four-year rate plan and this is step one. There are three more steps for every utility.

**Aldr. Stellato:** I understand that, but I mean on top of that. My third question is going to be about development, so before we get to that, there's going to be things that impact from a positive or negative standpoint our utility usage whether it's additional industrial user or a loss of industrial users. I'm just trying to figure out what framework we were in when we said these are our projections going forward for the next four years. Did you build in there some type of cost of living increase for salaries?

**Mr. Thornton:** We did. For your local operating costs, we did factor in assumptions for inflation. They were modest, but at the same time we also know that any time you've got a forecast, it's wrong. We always recommend that you look at this annually. Today, the crystal ball says this is a reasonable forecast.

**Mr. Minick:** A result of this process is a model that the City will own, that is the basis for the rate study and projections. We plan to do an update to that model on an annual basis and keep projecting our, factoring in those cost of living increases, factoring in whatever the current capital plan is, factoring in whatever the consumption patterns are,

we will have the tools to build those into the model so we can do a better job projecting out.

**Aldr. Stellato:** Going forward, if someone decides to develop something whether it's residential, commercial or industrial, how does that impact this? Does the development truly pay for itself? Does it usually produce enough to cover the additional expense of hiring additional personnel or utility charges?

**Mr. Thornton:** The forecast was conservative. Our company is proud of the fact that we prepare conservative forecasts. Does growth pay for growth? Typically, yes. It just depends on what kind it is. From a utility perspective, we always encourage people to look at what the growth opportunity is, what's the real impact to the utility as far as direct investment. Your biggest driver for capital is growth and age of equipment. You don't have a lot of growth, so that's not your primary driver, but you do have reliability. You have a driver to provide reliable service at the lowest cost possible. Those were understood as objectives.

**Aldr. Carrigan:** I want to visit the power factor charge to make sure I understand it. Effectively what you are telling us that if our supplier changes their rates to us, if they go up, we would basically apply a surcharge to a bill on a monthly basis if the rates go up and we would give a rebate if the rates go down.

**Mr. Thornton:** Yes, and you can track easily through this process how much you collect.

**Aldr. Carrigan:** Isn't a contractual buy? Don't we buy it at a contractual rate or do we spot buy it?

**Mr. Thornton:** It's a long term all requirements rate. You and other utilities are members of IMEA but you share in the output of plants that are owned by the group, so it is a long term contractual rate, but if their costs increase, they pass that to you.

**Aldr. Carrigan:** If someone in our town has solar and they produce enough energy for their home, building or business but can funnel it back into the grid, do we buy it back now?

**Mr. Amburgey:** We buy that back at the cost we would pay IMEA.

**Aldr. Carrigan:** I'm addressing this to staff, for the moment. I've had a couple requests about showing the actual rates someplace, whether it's on the electric or water bill itself, so people understand what the rates are. Whether it's a place on-line that's easily accessible or on the back of the bill, but I've had a number of people ask me that.

**Mr. Minick:** I've seen it addressed both on the back and the front of the bill, but frankly I'd need to look at that matter to determine which method is right for us.

**Aldr. Carrignan:** Can you go to the slide that shows the three utilities and the total charge we are asking for?

**Mr. Thornton:** This is for the typical residential customer and this is the marginal impact for year one.

**Aldr. Carrignan:** Subsequently out, what are we looking at?

**Mr. Thornton:** Electric is about the same, water and sewer go up on a percentage basis.

**Aldr. Carrignan:** So in year two I'm looking at \$10.

**Mr. Thornton:** Yes.

**Aldr. Carrignan:** In year three I'm looking at \$11?

**Mr. Thornton:** Close to it. The year one impact is less than year two and three.

**Aldr. Carrignan:** So the net over a four year period is somewhere around \$50.

**Mr. Thornton:** I've not done the numbers like that, but it's reasonable.

**Aldr. Carrignan:** We're talking about a four-year increase. What happens if we stretch that out and go from four to six or eight years? What's the biggest impact – is operational, is it capital, is it reserves, all?

**Mr. Thornton:** It's a little bit of all. It puts more financial pressure on the utilities as a whole. Probably more on the electric. The reason I say that is because you are starting out with a negative balance on electric. As far as the increases, they were more on the front end and that's when it dropped off, but your total reserves is targeted at 25% of operations. Your bond company requires some of that.

**Aldr. Carrignan:** Worst case scenario, it's a general fund issue at the end of the day?

**Mr. Thornton:** Correct.

**Aldr. Carrignan:** If we had to fix it, we could fix it through the general fund. I agree with you, Electric looks in bad shape. If we keep that at a four year rate, but maybe take the water and sewer and find a way to stretch it, because these increases compound quickly and is significantly above the rate of inflation. That's 10-13% per year and that's big for a lot of people. However, I'm glad to hear that rate 3 and rate 5 is going to be adjusted. If you use a lot of energy per month, you should have to pay for it, but I don't think you should have to suffer for 18 months for one month's usage.

**Mr. Thornton:** Two things; moving that kilowatt hour from 2,000 to 2,500 will help, but even at that, over 2,500 you are actually at a lower cost per kilowatt hour.

**Resident in audience:** Just last August I paid \$700 more to the City really because when my meter was read. We're talking 1 ½ to 2% variables and I'm holding the higher rate for 18 months because of it. It's not fair, it's just wrong. As you say, I don't mind paying for the month if I used it, but I shouldn't be paying for it a year and a half later. This cannot get done fast enough for me.

**Aldr. Turner:** Last year, Betsy asked a question about the \$1 million capital for automation. I looked at the budget last night, that's still in there.

**Mr. Minick:** Yes, it's still there, but we are not planning to ask for approval of the purchase at this particular point in time.

**Aldr. Turner:** Does that impact the Electric reserve fund?

**Mr. Minick:** To a small extent, because that was a bonded project. We were anticipating issuing bonds for a portion of the project that was not going to be covered with some of the reimbursement funds that we were to get through IMEA so the debts for that kind of a project for the Electric fund overall is not going to be tremendously significant, probably \$80k to \$90k in debt service.

**Aldr. Turner:** So it's not going to add \$1 million to the reserves.

**Aldr. Krieger:** I have a question of the actual reading of the meters. One month I get a bill and it's for 28 days, the next month is for 35 days. Is that going to throw me into different rate plans? Is that the problem with this gentleman in the audience?

**Mr. Minick:** As a residential customer, no. As a rate 3 vs. rate 5, I guess that could be a potential, based on the operational considerations and based on the pattern of the meter reading. It's possible if you had a 28 day reading one month, and a 30 to 33 day reading the next month, it could, depending on the energy usage and the time of the year, put you into rate 5 under this particular scenario. However, that being said, if you have another 28-day cycle or a 30-day cycle and you go under the 2,500 kilowatt hour scale that we are proposing, you would go back to rate 3. That break-even point is right in between 2,000 and 2,500.

**Mr. Amburgey:** If I could add to that, too. That is beneficial to the customer because if they were read and it was a 3,000 kilowatt hour month, it would actually be beneficial to be on rate 5 that month. The way we are designing the rate now is the customer will actually pay less on rate 5 for 3,000 kilowatt hours than they would if they stayed on rate 3, so it will actually be a benefit to the customer; the customer will not be penalized.

**Aldr. Krieger:** Have you ever thought about going to the automatic reading system?

**Mr. Amburgey:** As a matter of fact, we are looking into that now. We've looked at it for several years, it's a significant cost to do so, but we are looking at a joint venture with Batavia and Geneva to see if it does make sense for us to move down that road.

**Chairman McGuirk:** Assuming it's adopted, when we get to the end of the four-year increase, we are caught up, so to speak, and the system is self-sustaining for some period of time. But there's always cost of living. So does that mean to our resident they can expect lesser increases, no increases for a period of time, or what?

**Mr. Minick:** Going forward, once we get back to that level, I would anticipate there will be inflationary factors. If there were significant cost increases in five year on forward, those would be reflected in the rates. The more direct answer is yes, I would anticipate there would be inflation.

**Chairman McGuirk:** That is something we have the ability to calculate without doing another rate study?

**Mr. Minick:** That's one of the key deliverables from this particular project is that model that I spoke of earlier.

**Aldr. Carrigan:** The inflationary hit is driven by the operational cost, not the cost of power. The power is driven by the power factor charge.

**Mr. Minick:** Correct. When I talk about the inflationary factor, it would be to the operational/capital side EXCEPT for power.

**Aldr. Carrigan:** Power is going to always be covered going forward because you have this power factor charge that will fluctuate with the price of power.

**Mr. Minick:** That is the intent. We are not asking for approval to implement that Fiscal year 11/12, we are asking for it's introduction is Fiscal year 12/13. What we would like to do for this fiscal year is track what that power cost adjustment factor would be and what the impacts would be for the intervening period essentially for one year so when we are talking about the rates and doing the budget presentations next year, we can have a good idea of what that impact would have been for Fiscal year 11/12.

**Aldr. Carrigan:** Relative to your recommendation and suggested action, you are calling for a recommendation of the acceptance of the rate study. We are not voting on the results of the rate study tonight, we are just voting to accept their recommendations.

**Mr. Minick:** Correct; the acceptance of the report. The actual rate adjustments are covered later on in the agenda this evening. We're only asking for rate adjustments for Fiscal year 11/12, nothing going forward because we need to make sure we are still on target in terms of the actual performance.

**Aldr. Penny:** What we are voting on right now would just be acceptance of this study and the rate for Fiscal year 11/12.

**Mr. Minick:** The rates for Fiscal year 11/12 are later on in the agenda.

**Chairman McGuirk:** At this time in the agenda they are looking for a motion to accept the rate study.

**Aldr. Turner:** To put this in dollars and cents; our existing rate is 0.0800 per kilowatt-hour for residential. The rate is FY 2014/15 is going to be 0.1045. I know the percentages sound like a lot, but the actual increase between this year and next is 0.003 cents.

**Chairman McGuirk:** Is anyone willing to make a motion to recommend the acceptance of the rate study?

**Aldr. Carrignan:** So moved.

**Aldr. Turner:** Second

No further discussion.

Motioned by Aldr. Carrignan, seconded by Aldr. Turner. Approved unanimously by voice vote. **Motion carried.**

**4.a. Recommendation to Approve an Ordinance Entitled “Fighting”**

**Chief Lamkin presented.** These next three items were suggestions from the Sustainability Initiative. These suggestions came from an officer to help allocate our time better. This first Ordinance will allow us to cite people who have been in a fight. Many times we just break up a fight and let everyone go home, but they have now used our time. In our opinion, there should be a cost associated with that. We are proposing this ordinance so we are able to cite the involved parties.

No further discussion.

Motioned by Aldr. Stellato, seconded by Aldr. Penny. Approved unanimously by voice vote. **Motion carried.**

**4.b. Recommendation to Approve an Ordinance Entitled “Fee for Bail/Bond Administration”**

**Chief Lamkin presented.** This ordinance deals with when we book prisoners in. Whenever we have to make an arrest we are using our personnel time to make that arrest. This would be outside the normal bail/bond procedures. The Sheriff uses this at the jail, and we see this as a means to recoup some costs for tying up our time for someone who’s broken the law.



No further discussion.

Motioned by Aldr. Penny, seconded by Aldr. Monken. Approved by roll call vote.  
**Motion carried.**

**4.c. Recommendation to Approve an Ordinance Entitled “Social Hosting/Underage Drinking/Illicit Drugs”**

**Chief Lamkin presented.** This is another tool for people who chose to host parties who aren't making the best decisions. There are measures for people involved who are actually at the party, but this is a measure to hold the person responsible for the venue where the party or event is happening.

**Aldr. Penny:** This is long overdue and has been a problem in our community for a long time, that the adults are not accepting responsibility for this.

I would like to see a press release done on this right away, if we pass this.

**Chief Lamkin:** I would add that last week there were a couple judges who made a presentation at East High School, and this was one of the topics. This is intended to be a deterrent so that adults don't make poor decisions.

No further discussion.

Motioned by Aldr. Penny, seconded by Aldr. Krieger. Approved by roll call vote.  
**Motion carried.**

**4.d. Recommendation to Approve Street and Parking Lot Closures for the Fox Valley Marathon**

**Chief Lamkin presented.** This is a recommendation for street and parking closures, along with the use of amplification equipment. I've outlined for your review what is being asked of us. Dave Schebly is here to explain how the event has grown from last year.

**Chairman McGuirk:** State your name and address, please?

**Mr. Schebly:** Dave Schebly, 513 Steeplechase, St. Charles. The last I stood at this podium we were talking about the success of last year's marathon. Building on that for this year, we are anticipating 2000 runners; last year we had 1,100 runners. We will hit last year's numbers by May 1; we are already over 1,000 runners from 27 states and 2 countries. More importantly, we are adding a kid's marathon. This year, we will have 500 kids do a different version of a marathon. They'll run 25 single miles during the summer, they'll come back on race day behind our event and finish their final 1.2 miles and cross the same finish line as the other runners and receive their medals.

The Boston Marathon has become the premium event. You can't qualify for Boston at this year's Chicago Marathon, which is three weeks after ours. As a result, we are suddenly one of the last qualifying races in the Midwest. We are having runners from all over the Country coming to us specifically to qualify for Boston. We were also named the top 25 Midwest Marathon in our first year.

**Chief Lamkin:** Staff recommends the closures as requested and also the use of the amplification equipment.

No further discussion.

Motioned by Aldr. Carrigan, seconded by Aldr. Penny. Approved unanimously by voice vote. **Motion carried.**

**5.a. Update on IL Rt. 64 Projects**

**James Bernahl presented.** The IL 64 and Oak project is on track; there have been no changes.

IL 64 has had some slight changes. IDOT has changed the construction bidding date from August to September, which doesn't affect our project. There was clarification regarding responsibilities for utilities. Originally IDOT was going to take care of water off-site outside of the existing right-o-way, but now our consultant is going to manage that. There is no change in cost.

IL 64 from Kautz to Rt. 59 project is on track.

No further discussion.

**5.b. Recommendation to Award Phase 3 Engineering for the IL Rt. 64 and Oak Intersection Improvement Project**

**James Bernahl presented.** We are asking to award construction observation services to Hampton, Lenzini and Renwick for the IL 64 and Oak Street intersection improvement project. Hampton, Lenzini and Renwick helped us design the plans; they have a good understanding and have been working closely with us.

Staff recommends awarding the contract to Hampton, Lenzini and Renwick for construction observation services for an amount not to exceed \$116,091.00

No further discussion.

Motioned by Aldr. Carrigan, seconded by Aldr. Turner. Approved unanimously by voice vote. **Motion carried.**

**5.c. Recommendation to Approve IL Rt. 25 ERP Bids for Construction Activities**

**James Bernahl presented.** This is work that was going to be done last year using Emergency Repair Program funds, but we postponed it due to the bridge deck replacement north of Main Street. We had a bid opening; the original engineer's estimate we had was for \$266,000.00. The low bidder on this project was Geneva Construction; they had a low bid of \$238,191.90. We are planning on using some of the money we saved to extend the project farther north up Rt. 25 to get as much money as we can out of the grant.

Staff recommends awarding the contract to Geneva Construction.

Aldr. Krieger: When will construction actually start?

Mr. Bernahl: We are hoping to start by the end of May. The work should go relatively quick. We have them four to five weeks to complete the project.

No further discussion.

Motioned by Aldr. Carrigan, seconded by Aldr. Stellato. Approved unanimously by voice vote. **Motion carried.**

**5.d. Recommendation to Approve 2011 Street / MFT Bids**

**James Bernahl presented.** As we have done in years past, we will be sending out notification letters to all the homeowners within the construction limits, and the website has been updated as well. There is one small revision for this project; the estimate cost has changed. In your packet you have \$1,240,261.74; there is a striping item that was missing and that dollar amount is actually \$1,241,455.24.

The original engineers estimate for this project was \$1.5 million. We had very good bid numbers. Schroeder Asphalt Services was the low bidder.

Staff recommends award the contract to Schroeder Asphalt Services in the amount of \$1,241,455.24.

No further discussion.

Motioned by Aldr. Penny, seconded by Aldr. Stellato. Approved unanimously by voice vote. **Motion carried.**

**6.a. Update on Landscape Waste Program**

**6.a.I Recommendation to Approve Residential Brush Pick-Up Contract with Kramer Tree Specialists in the amount of \$136,000.00**

**Peter Suhr presented.** This year's brush pickup started on April 18 for the east side, and it's starting today, April 25 for the west side. Similar to last year, pick up will run once a month from April through November. The east side pickup is always on the third week of the month and the west side pick up is on the fourth week of the month. The website has been updated to reflect the most current information.

The City of St. Charles has used Kramer Tree Service for brush pickup for the last 11 years. This past fiscal years, Kramer Tree Services contract expired. Over the years, they have provided exceptional service for our customers. Therefore, staff is recommending a new three year contract. Kramer held their pricing last year and are proposing less than a 3% yearly increase for the next three years. The proposal amount for this contract is \$136,000.00 annually.

Staff recommends approval of this contract with Kramer Tree Services in the amount of \$136,000.00 annually.

No further discussion.

Motioned by Aldr. Monken, seconded by Aldr. Stellato. Approved unanimously by voice vote. **Motion carried.**

**6.a.II Recommendation to Approve Leaf Collection Contract with Kramer Tree Specialists in the amount of \$233,000.00**

**Peter Suhr presented.** Similar to the Brush Pickup Program, Kramer Tree Service's contract for leaf collection also expired this fiscal year. Again, because of their successful history with the City, Staff recommends approval of a new three year contract for leaf collection services. Starting in October, Kramer will provide four separate collection cycles throughout the City, just as they have done in past years. Kramer is proposing less than a 3% yearly increase for the next three years, starting with an annual cost fixed fee of \$233,000.00.

**Aldr. Stellato:** Do we have any type of out, if they are not performing or doing a good job?

**Mr. Suhr:** Yes, there is.

No further discussion.

Motioned by Aldr. Monken, seconded by Aldr. Stellato. Approved unanimously by voice vote. **Motion carried.**

### **6.a.III Recommendation to Approve an Ordinance Increasing the Yard Waste Fee**

**Richard Gallas presented.** Two important things happened last year with our program. As Pete mentioned, we worked with Kramer Tree and negotiated no increase for last year's program. At the same time, we discussed maintaining the cost of the program, as well as the revenue side of the program. In doing so, we considered a change in the fee structure from what was \$3.00 to \$3.21. Consistent with last year, making sure our costs matches the income for that program, we are here tonight to ask for a \$.14 increase; increasing the \$3.21 fee to \$3.35. That represents a 4.3% increase from last year.

**Aldr. Carrignan:** Is this a self-sustaining program?

**Mr. Gallas:** At \$3.35 with current users, yes, it's a sustainable program.

**Aldr. Carrignan:** There are no general funds that go into this?

**Mr. Gallas:** None whatsoever.

No further discussion.

Motioned by Aldr. Carrignan, seconded by Aldr. Stellato. Approved unanimously by voice vote. **Motion carried.**

### **6.b. Update Regarding the EAB Control Efforts**

**Peter Suhr presented.** 172 Ash trees were confirmed with EAB within every quadrant of the City. We are proposing to remove 61 Ash trees this coming month, 25 of which are in the northeast quadrant in the Kingswood, Surrey Hill and Fairfax area, mainly. We have begun our spring planting this month and will finish next week with over 225 trees planted. I trust you have the proposed removal maps in your packet and would be glad to answer any questions.

**Chairman McGuirk:** If the trees are down today, but they haven't removed the stumps yet, will we get trees with this spring planting, or is that the fall planting?

**Mr. Suhr:** The trees that are down today will be planted. The trees that are proposed in the upcoming months will have to wait until the fall. We've been a little behind on stumps because of the weather.

**Aldr. Lewis:** But we can tell people they won't get their new tree until fall.

**Mr. Suhr:** The trees that are down currently will be replaced.

**Aldr. Monken:** We had one removed from the parkway last fall and they put in a new tree this week and did a very nice job, very clean work. Hats off to the service.

**Aldr. Lewis:** I've heard the same thing; there are many trees that have gone down in my area. Even though people hate to see the trees go down, they've been impressed with what a good job you do and how well you clean up.

**Mr. Suhr:** Thank you; we are trying to keep the removals to a minimum for the next few months and then we'll ramp up in the fall to minimize the time that the tree is down.

No further discussion.

**6.c. Recommendation to Approve HVAC Preventative Maintenance and Inspection Contract with Service Mechanical in the Amount of \$45,000.00**

**Peter Suhr presented.** Over the last eight years Service Mechanical has provided heating, venting and cooling services for our City's facilities. In fiscal year 08/09 Council awarded Service Mechanical an agreement to maintain our mechanical systems. Building on the success of that program, staff recommends continuing with Service Mechanical for another fiscal year. Service Mechanical has agreed to hold their pricing for the second consecutive year.

Staff recommends approval of the proposal from Service Mechanical in an amount not to exceed \$45,000.00,

No further discussion.

Motioned by Aldr. Carrigan, seconded by Aldr. Penny. Approved unanimously by voice vote. **Motion carried.**

**6.d. Recommendation to Approve Maintenance and Repair of the East and West Parking Structures with Structure Werks in the Amount of \$60,000.00**

**Peter Suhr presented.** This is a request for maintenance on the top level of the parking deck of both the east and west parking structures. The east parking garage has an applied traffic coating on its top deck. The coating was installed over 10 years ago and has met its useful life. The proposed work will include repairing exposed concrete, installing a new traffic coat over the entire top deck and painting new parking lines.

The proposed work at the west parking garage will include repairing sealant jobs and installing a new high performance sealer to the entire top level which will keep moisture from penetrating the surface and entering the offices below.

Staff recommends approval of the proposal from Structural Works in the amount of \$60,000.00.

**Aldr. Penny:** On the west parking deck, the lights that are supposed to tell you if it's full or empty, they are not accurate.

**Mr. Suhr:** We are aware of it and we are working on it.

No further discussion.

Motioned by Aldr. Carrignan, seconded by Aldr. Stellato. Approved unanimously by voice vote. **Motion carried.**

**6.e. Presentation and Approve of Water Hydrant Meter Policy**

**John Lamb presented.** Currently the City rents water meters to be placed on hydrants to residents, businesses and contractors. They are used for filling pools, watering landscaping, etc. Currently they rent for \$4.33 per month and we require a deposit of \$750. The final charges are based on the number of months rented and a water usage fee. Staff has been reviewing the policy and the fees and we've calculated what it's actually costing us for those meters, meaning the repairs and maintenance issues from putting them on and taking them off the hydrants on a daily basis. They are rebuilt every three years.

Staff has come up with a calculation by dividing this amount by 36 months annually to a cost of \$21 per month. In addition, there are administrative costs that have never been charged for this program that total \$22 per month.

Staff is recommending that the increase go to \$21 per month and a one time \$22 administration fee. I realize this is a significant increase, but we get a lot of people who rent these meters and then never return them, so when they finally do, they might have only used the meter a month and paid \$25 anyway, even though it was only \$4 per month. Once they return it, they get their deposit back.

The new policy also has language in regard to if the meter is not returned within a specific amount of time, they will now lose their deposit.

No further discussion.

Motioned by Aldr. Carrignan, seconded by Aldr. Stellato. Approved unanimously by voice vote. **Motion carried.**

**6.f. Recommendation to Approve Well 4 Preventative Maintenance for FY 11/12**

**John Lamb presented.** This is a recommendation to approve our Well 4 preventative maintenance and to waive bids for this repair. This is a scheduled and budgeted repair in FY 11/12.

Staff requests that we waive the bid process and recommending approval to perform Well 4 maintenance at a cost not to exceed \$165,000.00.

No further discussion.

Motioned by Aldr. Stellato, seconded by Aldr. Monken. Approved unanimously by voice vote. **Motion carried.**

**6.g. Recommendation to Approve Well 8 Emergency Maintenance for FY 11/12**

**John Lamb presented.** This is a recommendation to approve Well 8 emergency repairs, a budget addition and a bid waiver. On April 4 we had a lightning strike in the area of well 8 that put our well out of service. The lightning got down to a depth of 800 feet and shorted out our motor. This is an emergency; something like this was not budgeted for.

Staff recommends approving the budget addition, waiving the bid process and approval of Layne Western for emergency repairs at an expected cost of \$182,179.00. Staff has been in contact with our insurance company to see if we can be reimbursed for some of the costs.

No further discussion.

Motioned by Aldr. Penny, seconded by Aldr. Carrigan. Approved unanimously by voice vote. **Motion carried.**

**6.h. Recommendation to Approve Annual Water Leak Survey Proposal**

**John Lamb presented.** Our water division conducts an annual leak survey of the water distribution system. This is a proactive approach to help determine where water leaks. We received three proposals and associated technical services supplied the lowest quote at a cost of \$31,466.40.

Staff requests a bid waiver and award the contract to Associated Technical Services in the amount of \$31,466.40.

No further discussion.

Motioned by Aldr. Monken, seconded by Aldr. Stellato. Approved unanimously by voice vote. **Motion carried.**

**6.i. Recommendation to Approve an Ordinance Approving an Increase in Water Rates**

**John Lamb presented.** These rates are consistent with the rate study and the approved budget. I have listed what the increases are and as it was mentioned earlier, there is an average monthly increase of \$2.88 for a typical residential customer and the average



annual cost for water will be \$267.91 based on the average use of 7,000 gallons per month.

Staff recommends approval of the proposed water rate increases in May 2011 and October 2011 since this is a two phased approach as was mentioned earlier.

**Aldr. Carrignan:** Chris, what is the impact if we start stretching this out? I'm more concerned about electric than I am the water and sewer, but how do we flatten this out? The percentage increases on all of these are significant.

**Mr. Minick:** We did look at several scenarios when we did the rate study. Some of the issues that we started to run into were operating expenses, impacts to the revenue stream and impacts to the reserve levels. The percentages are large, but when you look at it in terms of the actual dollar impact, it's not as significant as the percentages may sound.

**Aldr. Carrignan:** The dollars show up on the paper. At the end of the day, that's the issue. We are going to see these big percentages out there.

**Mr. Minick:** This is a first start within that approach. If the direction is to extend the increase, we can certainly take a look at that.

**Aldr. Carrignan:** Can you please look at these different increases and rank them from 1 to 10 for me, please?

**Mr. Minick:** Electric is #1 because of the negative position of it's reserve accounts. The water fund is #2 simply because of the scale and the extent to which we are not covering operating expenses within the water fund. The only reason water is not #1 is because of the reserve level and the fact that we have the ability to use the reserves as we have done.

**Aldr. Stellato:** If we decide to move forward and approve this tonight and it moves on to Council, would you have enough time to show us at the Council meeting what it would look like if we stretched those out and make a determination at that point?

**Mr. Minick:** I think that would be possible.

**Aldr. Krieger:** Do we have any idea how many people are currently behind in their utility bills?

**Mr. Minick:** I do not have that information.

**Aldr. Krieger:** We have over 350 homes in foreclosure and I wondered how many renters are having problems, too, as we think about approving all these rate increases. Those who are struggling now are really going to struggle when these increases hit.

**Mr. Minick:** The water and sewer rates would change as of May 1. For the electric rate, there are no changes proposed to the energy charges for the electric rate for the summer

use. There will be an increase to the customer charge that would take affect May 1 that would be approximately \$2.66. But the energy charge rate adjustments for electric are anticipated to take place in October in conjunction with the non-summer time rates.

**Aldr. Lewis:** Do I have the ability to keep my rates the same if I become conservative? Will I be able to not have these increases in my bill?

**Mr. Minick:** Yes. Consumption levels certainly would impact your monthly charges.

**Aldr. Carrignan:** In the past number of years, we have neglected to keep pace with the operational costs of the utilities and we've got two years of catch-up on this.

**Mr. Minick:** That is correct. On the water and sewer side, there have been reserves that were utilized to keep rates artificially low compared to operating costs.

**Aldr. Penny:** The budget we just passed includes all this, right?

**Mr. Minick:** Yes, it does.

**Aldr. Penny:** If we don't do this, but budget is not valid?

**Mr. Minick:** The practical effect of not passing the increases this evening is the Electric fund would borrow more from the general fund for FY 11/12. In the case of the water and sewer funds it would draw down the reserves to a greater extent than was anticipated in the budget.

**Aldr. Penny:** So the reserve funds wouldn't look so good if this isn't passed.

**Mr. Minick:** Even it's paid back at some point in time; there will be a reduction in the reserve level; that is correct.

**Aldr. Carrignan:** I don't struggle with this; we have to pay for our services. We haven't been doing that, and I think we have to do it.

**Mr. Minick:** If you play it out to it's ultimate extreme and you were to run through all the reserves and not address the electric fund, eventually you'd have to draw from the general fund.

**Chairman McGuirk:** But that's a disproportionate use of that service.

**Mr. Minick:** Yes; the thing to keep in mind is that these particular utilities were established to be self-supportive business entities. If we don't address these problems now, water and sewer are going to be in the same boat as Electric.

**Aldr. Penny:** And if I understand correctly, people are paying less in St. Charles?

**Mr. Minick:** Yes

**Aldr. Lewis:** We have \$1 million homes and we have \$200,000.00 homes. Who is your typical customer?

**Mr. Minick:** The typical customer consumes about 700 kw hours of electric in the non-summer months and 1,000 kw hours of electric in the summer months.

**Aldr. Carrignan:** It doesn't make any difference what a typical house it. There is no typical. Every one stands on it's own.

**Mr. Amburgey:** If we put it into dollars and cents, the typical electric consumer spends \$70 to \$80 per month in the non-summer months for electric and between \$100-\$120 in the summer time.

**Chairman McGuirk:** Please call a roll call vote.

**K. Dobbs:**

Stellato: Yes

Monken: Yes

Penny: Yes

Carrignan: Yes

Turner: Yes

Martin: No

Krieger: No

Bessner: Yes

Lewis: Yes

No further discussion.

Motioned by Aldr. Turner, seconded by Aldr. Bessner. **Motion carried.**

**6.j. Recommendation to Approve an Ordinance Approving an Increase in Wastewater Rates**

**John Lamb presented.** This is a \$.53 increase to the user service charge. The volume charge is \$.21. The average monthly increase is \$2.68 for a typical residential customer.

Staff recommends approval of the sewer use increase.

**Chairman McGuirk:** Please do a roll call vote.

**K. Dobbs:**

Stellato: Yes  
Monken: Yes  
Penny: Yes  
Carrignan: Yes  
Turner: Yes  
Martin: No  
Krieger: No  
Bessner: Yes  
Lewis: Yes

No further discussion.

Motioned by Aldr. Turner, seconded by Aldr. Bessner. **Motion carried.**

**7.a. Recommendation to Approve an Ordinance Approving an Increase in Electric Rates**

**Glynn Amburgey presented.** This is a recommendation to approve the rate increases as shown in the summary I have provided in your packet and has been discussed and approved in the approved budget.

Aldr. Stellato: Do we still want to see what this looks like if we spread this out? What happens if we go from four years to six years?

Mr. Minick: Because electric is in a negative position, if we lengthen the amount of time it's going to be borrowing more money from the general fund.

Mr. Townsend: We are making these recommendations with respect to the current fiscal year and we feel that these are what we need to get these funds back in a solvent position again. If you want us to look at stretching out the schedule for future fiscal years and what the potential impacts would be, I think we can bring that back and talk about that. The electric fund, as Chris said, is in bad shape right now so we need to try to infuse that fund with as much money as we can immediately because right now it's spending money it doesn't have. We are taking money from the general fund and we are subsidizing the electric fund which is not a good business practice to be in. We need to correct that, but if we want to look at those future years then we can do that.

**Aldr. Stellato:** The first year out doesn't make a difference, it's going forward.

**Aldr. Penny:** So we'd go ahead with this years increase and then look at the stretch after that.

**Mr. Townsend:** We don't relish being in this position. We don't enjoy bringing rate increases to this body to consider. But we do have business enterprises that we need to

run. I was reading an article earlier today about how food costs are going up 4% next year and gas prices are going through the roof. None of us like to pay those costs. But unfortunately those are the costs we have to incur in order to sustain ourselves, and drive a car and run our households. We talk a lot about trying to make St. Charles run like a business and it is not good practice to not collect revenue to pay for the costs of services that we provide. Whether that be labor or pensions or health insurance or well repairs, all those things are legitimate expenditures associated with these business enterprises that we call utilities and the revenue to fund those things has to come from customers.

**Aldr. Carrignan:** I agree with everything you said. I can live with the fact that we come back in six or eight months and look at next years rate increase.

**Chairman McGuirk:** Please do a roll call vote.

**K. Dobbs:**

Stellato: Yes

Monken: Yes

Penny: Yes

Carrignan: Yes

Turner: Yes

Martin: No

Krieger: No

Bessner: Yes

Lewis: Yes

No further discussion.

Motioned by Aldr. Turner, seconded by Aldr. Monken. Approved unanimously by voice vote. **Motion carried.**

**7.b. Presentation of Information Regarding the New Electric Outage Notification System**

**Glynn Amburgey presented.**

No further discussion.

Motioned by Aldr. Carrignan, seconded by Aldr. Stellato. Approved unanimously by voice vote. **Motion carried.**

**8. Additional Business**

**Aldr. Carrignan:** I don't know who handles Veolia but in the last couple weeks there has been more trash in the road than I've seen in a long time. Could you please give them a call and get that taken care of?

**9. Adjournment**

**Meeting adjourned at 9:00 p.m.**

Motion by Aldr. Carrigan, seconded by Aldr. Martin. No additional discussion.  
Approved unanimously by voice vote. **Motion carried.**