

PUBLIC HEARING

SALE OF WATER UTILITY

JANUARY 25TH 2016

6:30 PM

Call to order of the Public Hearing for the possible Sale of the Water Utility was at 6:30 PM by Council President Bill Boggs. Present were Council members Bill Boggs, Les Hoffman and Randy Cokl and Clerk-Treasurer Janet Howard.

Council member Bill Boggs turned the meeting over to Chris Harrison with American Water. Chris will give a talk and if the public has any questions fell free to ask and will be allowed a few minutes per person for questions.

Chris Harrison stated the biggest concerns were quality of the water – there has been a lot of complaints of dirty and rusty water. This is what brought the previous board to get with American Water. He gave some history of the company and said the previous board wanted them to come up with a study that helps identify what the future needs are. Looking at what the current needs are and the community needs to invest in a brand new water plant and distribution system. With American Waters 300,000 customer base the rates can be lower by spreading out the cost for projects. Chris stated that if South Whitley did this on their own the rate would increase 12 dollars or more. American Water wants to make an investment in our community and improve the water quality. American Water has paid for 2 appraisals and would offer 1.4 million to purchase the water system. They want to build a brand new facility, they don't want to do a 20 yr fix but want a long term investment and long term improvements to meet the needs of the community and make it expandable and improve the quality of water in some areas it is bad, there are some areas that have no problems. The study last fall showed the town doesn't have efficient fire flow in some areas of the town. With the town owning their own water system, the town is not receiving any tax dollars, if American Water acquires the water it would bring in new tax dollars to the community. This meeting is to inform the public on what the past council has been studying which is the rate study of an independent company. With American Water doing the project being a larger company they can buy larger bulk which cuts down the price of materials to do the job less expensive than if town did it on their own. Buy in volume gets at cheaper cost. No decision will be made tonight there is a statue for a municipality to wait 30 days (quiet period) this gives you time to ask questions and better understand. After that the council has another 60 days to decide if they want to adopt an ordinance to go ahead and sell.

Bob Riley asked about the 7% return rate. American Water said they are regulated by statue to have a cap on how much revenue they can generate in a year which is right around 10%, they try to keep at 7%, each year is different, some are higher and some are lower.

Question was asked if the town had municipal bonds taken out on the water tower project and Tony Starkey commented the actually took out a loan for that which was borrowed from the utility fund that is being paid back.

Jim Yeager asked if any member of current or previous board have talked to other communities like Warsaw to see how it has worked out for them. Council member Boggs said he did contact about 10 other towns and he heard both good and bad. Good was slightly over 50% but would have like that number to be higher-some didn't like the billing, but that was for the bigger cities. Jim Yeager said if I'm going to be billed from American Water how does the town charge for the sewage. Chris Harrison said the town has elected to use the volume metric charge-a formula would be built in because town would not be able to read the meters. Jim Yeager asked about the Fire Department using the hydrants, how are they charged. Chris said it is already built in the rate, would not independently charge Fire Department for what is used for a fire. They do monitor the hydrants to know by putting a meter on the hydrant. Plus they will also make sure hydrants are working properly for when they are needed. The meters on hydrants are for tracking purposes for water consumption. Talked about lost water which is tracked by meter in case of leak somewhere. They said every community should monitor their lost water because it could be an expense to customer and need to be taken care of right away. Currently using 100,000 gals of water a day in South Whitley with the peak in 2012 was around 200,000 gals. Currently a household is charged a min. fee of 2000 gals. Jane Arnold asked American Water if they have a min. charge and they do. They charge by 1000 gal. if you use 1400 gals you would carry over the 400 gals to the next bill.

Rate comparison was done for industrial usage also with current rate structure with their area 1 and area 2, American Water rates are lower. Tom Crowder stated when you first came in you said the savings would be 6 dollars and now your saying 11 dollars but when you start crunching numbers it changes so why should I trust what your saying. Earlier you stated you would be charged actual usage now your saying it will be by the 1000 gals. Chris explained the carryover of usage on next months bill again.

Tony Starkey asked if American Water was willing to commit to the timetable that we had I our 2.5 million dollar from the water study that identified the problems that needed addressed and American Water said absolutely. Bob Riley asked about subcontractors, said subcontractors would be more efficient at the operation than what we would be if we had in house staff compared to our town employees. Bob said our employees had everything for what he needed and they treat the people good around here.

Tom Crowder asked why this information wasn't shared from the beginning as to why would we want to deal with a big company, its been like pulling teeth to get this information. Harrison stated he is a production guy not a salesman.

Jim Yeager asked the council if your going to sell this for 1.6 million and we owe 400,000 roughly and their going to put 2.5 million in improvements if the purchase goes thru – does the town if we don't sell have any money to do the improvements –do we have any money set aside for the infrastructure right now. Janet Arnold asked how many wells do we have. Council member Boggs said we have 2 wells both about 10 years old, not sure how long they will last, its how they are maintained. Janet asked if well goes down who would take care of it and Council member Boggs said American Water would. Tom Crowder said if well needs replaced the cost is spread over the 300,000 customers for the rate increase just like another town has problems we would share in that cost also. List of residents attending meeting is available.

Public Hearing was adjourned at 7:45 PM by President Bill Boggs