

VILLAGE OF ANDALUSIA

Village Hall
221 First Street
Andalusia, Il. 61232

**MINUTES OF A REGULAR MEETING OF THE PRESIDENT AND
THE BOARD OF TRUSTEES FOR THE VILLAGE OF ANDALUSIA
ROCK ISLAND COUNTY, ILLINOIS**

December 3, 2018

CALL TO ORDER

The Board of Trustees met in a public meeting on Monday December 3, 2018 at the Village Hall. The meeting was called to order by President Curt Morrow at 7:00 pm. He led the pledge to the flag.

ROLL CALL

Present: President Morrow, Trustee Brackney, Trustee Neece, Trustee Einfeldt, Trustee Pittard, Trustee Anderson, Trustee Woeber

Absent: None

TRUSTEE ANDERSON MADE A MOTION TO ACCEPT THE MINUTES FROM THE NOVEMBER 19, 2018 BOARD MEETING. SECONDED BY TRUSTEE PITTARD. VOICE VOTE.

AYE: TRUSTEE NEECE, TRUSTEE BRACKNEY, TRUSTEE PITTARD, TRUSTEE EINFELDT, TRUSTEE ANDERSON, TRUSTEE WOEBER

NAY: NONE

MOTION CARRIED: 6-0

TRUSTEE NEECE MADE A MOTION TO APPROVE THE BILLS FOR DECEMBER 3, 2018 IN THE AMOUNT OF \$126,404.41 SECONDED BY TRUSTEE WOEBER. VOICE VOTE.

AYE: TRUSTEE NEECE, TRUSTEE BRACKNEY, TRUSTEE PITTARD, TRUSTEE EINFELDT, TRUSTEE ANDERSON, TRUSTEE WOEBER

NAY: NONE

MOTION CARRIED: 6-0

GENERAL FUND	\$	1,364.01
GARBAGE FUND	\$	4,620.90
SEWER BOND FUND	\$	64,305.00
POLICE DEPT FUND	\$	6,253.21
WATER FUND	\$	1,769.00
SEWER FUND	\$	39,592.29
SEWER PROJECT FUND	\$	6,000.00
TIF DIST 01/1 ST ST & 6 TH AVE	\$	2,500.00

COMMITTEE REPORTS:

There were no committee reports.

Roger Goodson from Illinois American Water was present. **In the interest of being transparent, I have decided to be very detailed with this report.**

Mayor Morrow introduced Roger Goodson and Karen Cotton from American Water to the room. He explained that our water/Sewer operator is looking to retire and Water/sewer operators are hard to find. As a result, the Village has been looking into alternatives. One of the options is to sell our systems. Roger Goodson and Karen Cotton were here representing one of the companies that buys and operates the systems in our state.

Roger began by stating that a few months ago Mayor Morrow reached out to American Water to look for alternatives to losing our water/sewer operator. He met with several of the council members and our Public Works Director, along with Max “Crud” Stark. He brought his whole team in to look at our systems. Their goal was to do their due diligence to see what the company would have to put into our systems if they bought them.

Roger Goodson gave the room a little bit of background about American Water. Some may know that Iowa American Water runs the Davenport water systems. In Illinois, they’re in 128 communities. They serve over 1.3 Million customers in those communities. Including Peoria, Pekin, Glasford, Lincoln, Farmington etc. They are the largest private water company in the country. As a result, they bring “economy as a scale.” In case of emergencies, they have a lot of resources to draw from. That’s just in Illinois. American Water is in over 40 states and Canada. They have a large reach. They do water and sewer. They have been in Peoria 130 years as of next year. They have been in Alton well over 100 years. As a matter of fact, Davenport was one of the first American Water Systems. They have engineers on staff & water quality people on staff so they are well manned and able to handle any situation.

Another thing is that they invest in their systems. They figured from their inspection of our systems and not really looking at the wells that they would put in over 2 million dollars in the

first 5 years if they bought our systems. They employ all local people. They're still trying to figure it out, but they could call Davenport to come over and help in the case of an emergency.

He reiterated that they become part of the community. They have a mobile education lab that they bring to the schools, they attend any community fests and become part of the chamber of commerce if there is one. They give grants out to the local fire district, along with environmental grants and art grants.

Art McCannon wanted to know what American Water would pay for the systems. He wanted to know about the existing debt the Village has on the Sewer plant. Would that debt be paid off in the deal? Yes, the debt would be paid off. Law states that they cannot buy a system that is in debt so part of the sale would go directly to paying off all the debt owed on the systems.

Mayor Morrow explained that the Village in debt 1.7 Million dollars. The soft number American Water came back with after their inspection was between 2.5 Million and 3 Million dollars.

Art McCannon asked if American Water would be putting a new water tower up. Roger responded by saying that after American Water takes over a system, they do a capital plan. Their initial estimate, without looking at the whole system is to put 2 million dollars into it initially. He estimates that about \$973,000 would be put into wastewater right off the bat. In the first year after purchase, American Water does a study on everything to determine what needs to go into the system as a whole.

Mayor Morrow explained that the Village needs to drill a new well. The EPA has mandated it, we're on borrowed time.

Trustee Anderson addressed the room. He said that a lot of people are asking why we're looking outside our city. Max has done a good job, but he is ready to retire. Such a nice job that he's sure his hard work had added to our bottom line. To be a water operator, it is a challenging test that a person has to take. There are 3 parts. A lot of physics and a lot of chemistry. Not everybody can pass it. We can't find someone right now at this time, who has those licenses.

Trustee Anderson also explained that we are so far in debt with the Lagoon project that was required last year that if the state orders us to move the well tomorrow, we would not have the funds to do it. Our ability to get a loan has been impaired by the last project so borrowing money is pretty much out of the question. He explained that in the next 19 years, just on the loans we have, the Village will end up owing \$165,000 in interest alone. He said that we would be irresponsible if we didn't look into alternatives, like selling the systems. It's our only way out at this point. We have no one on hand that can take over for Max. Trustee Anderson explained that he hasn't made up his mind yet but he wants to hear what American Water has to offer.

Roger explained that if and when American Water purchases our systems, the land that the systems are on will go back on the tax roll. He also explained that the Village could implement a permit for digging in our right of way in the event of a repair. He was giving example of revenue that could come back to the Village after the loss of the water/sewer revenue.

Art McCannon mentioned that from what he's heard so far, it doesn't sound like a bad thing. Mayor Morrow explained that we pay Max \$36,000 a year and that is for part-time. (Max donates a lot of time beyond that) To get a full-time water/sewer operator in the Village would be a very large expense.

Trustee Anderson called Bi-State to get their advice about American Water. Bi-State gave him a couple of contacts in other communities. He called LeClair and spoke to the, then City Manager. The City Manager said that selling to American Water was the best thing they ever did.

Trustee Woeber stated that it's a little like were sell part of our soul, but there is such an upside to it that they have to hear things out.

Roger explained that if the sale goes through, it would go through the System Viability Act, which is an act of legislation. It requires the buyer to hire any workers that are with the local Municipality. And they have been trying to get Max on their payroll, however Max says that retirement is looking too good.

Trustee Anderson said that the question in the room is "How much is our water going to cost?" The answer is that in the future it's going to be more expensive. Everybody's is. He showed our rates to Bi-State to ask if we were comparable to other communities our size. They said that our sewer rates are in line, but our water rates are a bargain. There will be water rate increases for sure. The last time the Village increased water rates was in 2011.

Roger explained that American water looked at a couple rates and compared theirs to ours. Their normal rates are a little bit higher than our rate, based on consumption. Their water and wastewater combined is lower than ours based on usage. So as the usage goes up, the rates will go up. For example: 2500 gallons evens out to our rate, at 3000 gallons a month it's about a \$5.00 difference, 4000 gallons a month will be about a \$14.00 difference. So, it goes up as the usage goes up. It's just like any other utility. Rates go up. In Peoria the average is 3100 gallons a month and they pay \$43.00 a month.

Roger explained further American Water is regulated by the Illinois Commerce Commission (ICC). That means that they can't just raise rates when they want to. It's an 11 Month process to raise rates. It goes through the ICC first. Any Municipality can intervene and testify against the rate increase. The ICC listens to all parties and makes their ruling. They tell American Water how much they can raise the rates. The ICC looks out for their customers.

Wayne Wanek inquired about the lost revenue if the Village sells the systems. He explained that wages and insurance both come from the water and sewer funds. Mayor Morrow responded by saying that the systems are by no means a profit center. The wages and insurance will come from the General fund instead. The Village does have tax income monthly it is enough to cover the expense. Wayne explained that he is concerned that Property Tax will go up and the Mayor responded by asking why would it go up?

The Process is this: The board votes to go out for sale, and issue a request for proposals. After about a month, the board receives the proposals. After that, it's up to the board. If the board decides not to sell at that point, then so be it. There is no obligation to sell. If we go forward, the board would choose the company who they want to purchase the system. Next would to

negotiate an asset purchase agreement. Once the purchase agreement is signed by both parties, then it goes to the ICC for approval. It will be with the ICC for approximately 8 months. While the agreement is in the ICC, American Water will bring appraisers in to make sure it appraises out. The ICC won't let them pay more than it's worth. It will be about this time next year before anything changes.

There will be an open house/public meeting to lay things out for the residents so they can have their question answered.

Carlene Erno asked what other city's American Water is in, Roger briefly reviewed the cities to her that he stated earlier. There is a new video on illinoisamwater.com that is very informative. Tim Erno stated that there are some communities that are saying no, like Quincy. Roger explained that with Quincy, for example, the option to sell was an intermediate option. It wasn't their first option to deal with their debt. They have not rejected the possibility, they are still exploring their options.

Justin explained to the room that if there is a water break, there is a 2-hour window to call in locates before the repairs can be started. So even if they were coming from Peoria, they would be here within that 2-hour time period. Someone would be here locally to shut down the main, but it would still take 2 hours before any work could be done.

Trustee Anderson explained to the room that we're all in the learning stage here, we are trying to be as transparent as we can be. Mayor Morrow explained that the Village will be having a public meeting most likely at the Lion's Club to discuss this further with the residents.

Clerk Hoffman explained to the room that at this point nothing has been done and can't be done until a resolution is passed allowing the Board to explore their options.

TRUSTEE WOEBER MADE A MOTION TO ACCEPT RESOLUTION NO. 2018-12-01, A RESOLUTION THAT ALLOWS THE VILLAGE PRESIDENT AND TRUSTEES TO PURSUE THE POSSIBILITY OF SELLING THE WATER/SEWER SYSTEMS OF THE VILLAGE OF ANDALUSIA, ROCK ISLAND COUNTY, ILLINOIS. SECONDED BY TRUSTEE NEECE. ROLL CALL VOTE.

AYE: TRUSTEE NEECE, TRUSTEE BRACKNEY, TRUSTEE EINFELDT, TRUSTEE ANDERSON, TRUSTEE WOEBER

NAY: TRUSTEE PITTARD

MOTION CARRIED: 5-1 (Motion Passed)

REPORTS OF OFFICERS:

Village Clerk: Clerk Hoffman presented the Board with the draft copy of the new Village Code Book. She spoke with Attorney Halpin regarding the need for a public meeting before the book is made official.

Attorney Halpin explained that since there was no change to Zoning or the Neighborhood map,

there would be no need for a public meeting.

The changes to the code book were straight forward. Old laws that no longer apply to the Village have been removed. State required statute has been added to the code and fines have been updated to reflect today's economy. There are several copies in the Village Hall if anyone wants to read it and it will be uploaded to our website villageofandalusiail.org once everything is finalized.

TRUSTEE NEECE MADE A MOTION TO ACCEPT ORDINANCE NO. 2018-12-03, AN ORDINANCE ADOPTING A REVISED CODE OF ORDINANCES. SECONDED BY TRUSTEE PITTARD. ROLL CALL VOTE.

AYE: TRUSTEE NEECE, TRUSTEE BRACKNEY, TRUSTEE PITTARD, TRUSTEE EINFELDT, TRUSTEE ANDERSON, TRUSTEE WOEBER

NAY: NONE

MOTION CARRIED: 6-0

Department of Public Works: Justin Parchert reported that the Dike inspection has been moved to Wednesday due to the weather.

Justin pull the docks out of the Harbor and they're in bad shape. He would like to call Superior Seawall and see what it would cost to have them repaired.

Justin has had residents ask if the Village plans to maintain the docks and have them in for next year. The Village has every intention of maintaining the docks and to have them in working order for next season.

Justin said that he had 2 part-time guys plowing over the big snow storm and so far, he hasn't had many complaints. He said they did a good job for their first time out.

Justin also reported that with Clerk Hoffman's help all the Grant paperwork has been submitted. The Village is trying to get a grant to help with Flood Mitigation.

Justin wanted to thank the residents in and around Andalusia for making the Vegetable Stand a success this year. He is donating 3 totes of food and taking the \$50.00 in cash donations to buy more, to the local food pantry.

Justin had an electrician out to repair some of the electrical issues around the Village.

There was a watermain break after the big snow, Justin called Fuhr Excavation in to help with the repairs.

Justin is well aware of the problems on bank road, he is trying to keep it up and running until a more permanent repair can happen.

Mayor: No Report

New Business: There was a change to the Sexual Harassment Ordinance that allows more time for a victim to report the crime. As a result, an Ordinance needs to be passed to accept the revised law.

TRUSTEE PITTARD MADE A MOTION TO ACCEPT ORDINANCE NO. 2018-12-02, AN ORDINANCE UPDATING THE POLICY ON PROHIBITING SEXUAL HARASSMENT. SECONDED BY TRUSTEE NEECE. VOICE VOTE.

AYE: TRUSTEE NEECE, TRUSTEE BRACKNEY, TRUSTEE PITTARD, TRUSTEE EINFELDT, TRUSTEE ANDERSON, TRUSTEE WOEBER

NAY: NONE

MOTION CARRIED: 6-0

TRUSTEE PITTARD MADE A MOTION TO GO INTO EXECUTIVE SESSION AT 8:04PM TO DISCUSS PERSONNEL MATTERS. SECONDED BY TRUSTEE NEECE. VOICE VOTE.

TRUSTEE ANDERSON MADE A MOTION TO GO BACK INTO REGULAR SESSION AT 8:13PM. SECONDED BY TRUSTEE WOEBER. VOICE VOTE.

TRUSTEE WOEBER MOVED TO ADJOURN THE MEETING AT 8:14 PM. SECONDED BY TRUSTEE PITTARD.

Minutes written by:
Shelly Hoffman, Village Clerk