

VILLAGE OF ANDALUSIA

Village Hall
221 First Street
Andalusia, Il. 61232

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

February 7, 2019

CALL TO ORDER

The Board of Trustees met in a special public meeting on Thursday February 7, 2019 at the Andalusia Lion's Club. The meeting was called to order by President Curt Morrow at 7:00 pm.

ROLL CALL

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

Absent: Trustee Neece, Trustee Woeber

President Morrow announced that the purpose of the meeting was to discuss the possible sale of the Water/Sewer Systems.

He begins by explaining that our Water/Sewer operator Max Stark is planning to retire this year. Max works 4 to 5 hours a day 7 days a week at a wage of \$36,000 per year. A full-time replacement, if one can be found, would cost the Village between \$70,000 - \$90,000 per year with benefits. He also explained that it is very hard to find full-time operators.

He went on to say that the EPA is demanding that the Village move the water well out of the flood plain. He said that the project could easily cost \$500,000. He said that the Village cannot afford to do it at this time due to the cost of the Lagoon Sludge project that cost 1.5 Million dollars. He explained that the Village is bonded out and has no hope of borrowing money anytime soon. Our sewer debt at this time is 1.7 Million Dollars.

Mayor Morrow continued by stating that in anticipation of higher costs, in the event the Village has to hire an operator and drill a well, the water rates will be raised by \$10.00 a month to cover the added expenses. He also stated that the water rates have not been raised since 2011. If Illinois American Water buys our systems, it will be a more than 8-month delay before the closing. At that time, they would implement a rate increase so the rate change now will almost close the gap between our rates and theirs. As a result, American Water would not seek another increase for a couple of years.

At this time, he introduced Roger Goodson from Illinois American Water and then gave the floor over to the residents to ask questions.

Trustee Anderson and Roger Goodson together gave a brief background report on Illinois American Water. They have 132 communities in the state. They handle several local communities including Farmington and Sterling. It was explained that Illinois American Water is a subsidiary of American Water. American Water is in 40 states and Canada. Their subsidiary Iowa American Water handles Davenport, Bluegrass and Clinton. So being that they're right across the river it will be a big help in the case of an emergency. In Peoria Illinois American Water has been in business since 1889, they've been in Alton since 1886. The company itself has been in business since the 1860's.

Trustee Anderson went on to explain that American Water is on the New York Stock Exchange and have a high rating.

Trustee Anderson contacted the City of LeClair to inquire about their experience with Illinois American Water. He spoke with their City Manager who described having American Water take over their systems was the best decision they've made.

Trustee Anderson also stated that by pure coincidence, our Road Engineer is also the engineer for Blue Grass. He said that the relationship between American water and the Village of Blue Grass is outstanding, their work is outstanding and they're prompt. He had nothing bad to say about them.

Trustee Anderson stated that he is comfortable with the company. He also stated that regardless of the outcome there will be rate increases. It's necessary to keep up with the cost of living and expenses. During his research he spoke with Bi-State Regional Commission and found out that although our sewer rates are in line with other cities, our water rates are considerably lower.

Trustee Anderson concluded by stating that due to State Mandates the Village has significant loans. The interest alone on these loans, will cost the Village \$160,000.

Resident James Charles challenged the rate increase statement. He said that when the water bills went from bi-monthly to monthly he noticed an increase.

Clerk Hoffman explained that there was a \$6.00 increase to sewer rates in 2017, however the water rate was not increased.

Roger Goodson explained that they are regulated by the Illinois Commerce Commission. Any rate increases have to go through them first and at that time any resident and or the Village can testify against the increase.

Resident Larry Flaherty stated that he disagrees with the fact that the Village cannot find a water/sewer operator. He explained that he got his sewer operator class 2 license for the City of Davenport and it took him 3 days to get it.

He went on to ask if the Village has advertised for an operator. The Village has not however

there are several cities in the surrounding areas that are also having a hard time finding a qualified operator the Board is watching for an outcome.

Larry questioned where the existing debt the Village owes going to go. Roger Goodson explained that the company cannot buy a system that is in debt, so part of the purchase price will go towards paying off the bonds. The Village will be bond debt free if the sale goes through with the remaining money going into the Village Coffers.

Larry asked Roger if American Water is having trouble finding operators, for which Roger told him yes, they are. Typically, they are having to hire unlicensed people and then training them to get their certification. Once the operator gets his/her certification they have to work under an experienced operator for several years before they are qualified to operate independently.

Larry went onto to ask Clerk Hoffman if she would lose some of her workload and have reduced hours. Clerk Hoffman agreed that a sale would reduce her hours.

Larry asked if American Water will deal with the storm drains. Roger said no, it's storm sewer not sanitary sewer, they're two different systems.

Ms. Mary Randall asked if American Water would still flush the system by her home regularly like Max does to keep the smell down? The Randall's are at the end of the sewer line and it need to be flushed on a regular basis. Roger answered yes.

Marty Yakovich asked if American Water will be close to monitor the lift stations while it rains so the water doesn't back up. Roger said that there will be a local operator. Someone will be here and yes it will be taken care of.

Larry Flaherty asked Roger if American Water will have equipment local to handle any breaks. Roger said yes there will be equipment here.

Butch Hampton asked what the odds are that someone's water would be off for an extended period of time, like weeks, due to repair issues. Roger assured Butch that they do not let their customers be without water for any extended period of time.

Wayne Wanek asked if the pumps that the Village Bought with sewer funds would be part of the sale. Roger said yes. Wayne also asked if American Water would be responsible for keeping the sewer plant safe during a flood. Again, Roger said yes.

Wayne Wanek asked if anyone would be reviewing the contracts. Mayor Morrow told him that the Village has two Attorneys involved.

Wayne asked if the systems will be appraised. Roger explained that there will be three independent appraisers. The Fair Market Value will be the average of the three appraisals. He went on to explain that the FCC wouldn't let them purchase the systems under Fair Market Value. On the flip side of that, they cannot pay more than Fair Market Value either.

Trustee Pittard asked if the Village could request an upgrade or improvement in the event that American Water doesn't keep up on the improvements. Roger said that there will never be a year where they do not put money into the system. They will always be improving and upgrading.

Larry Flaherty asked if American Water will allow for expansions the City may have in the future. Roger said absolutely, yes, they encourage expansion. They have a special division that handles all expansions.

Resident Greg Becker expressed a concern about the costs down the road. He wants to know if the sale would save the residents money. Roger said that they plan to not raise rates for the first year, however since they do not own the system and rates may be a part of the proposal, he couldn't really answer the question. The Proposal will be available on February 18, 2018. He did say that their average increase is about 2 ½ to 3% a year.

Trustee Pittard asked what the average water rate is in Peoria. Roger told him that for 3200 gallons of water the rate is around \$40.00 a month. This is just water rates not sewer rates. Roger said that the sewer rates are lower than the water rates. But again, the rates are calculated by consumption. Roger said that anyone can go to their website AmericanWater.com and see all their rates.

Evelyn Parchert asked if American Water gives a senior citizen discount like the Village does. The answer is no. It is all one rate.

Wayne Wanek stated that since the Village gets approximately \$39,000 in taxes for the sewer system, that money could be used to help pay the wages for a new operator. Trustee Einfeldt explained that wages are not the only thing that is paid through the sewer and water funds. The Village pays its bonds through those funds. Pam also explained that because of the amount of money the Village has borrowed already. If there was a major issue, the Village may not be able to afford the repairs.

There was a comment about the Village raising taxes, to which the Mayor said that no one has said anything about raising taxes. There was a discussion regarding fees that can be put on American Water to help generate revenue for the Village.

The meeting ended at 8:03pm

Minutes written by:
Shelly Hoffman, Village Clerk