

Earlham Municipal Enterprises Committee
August 28, 2018

The Earlham Municipal Enterprises Committee met on Tuesday, August 28, 2018, at Earlham City Hall. Chairperson Fredericksen called the meeting to order at 7:00 p.m., and the following answered roll: Fredericksen, Griswold, Payne. Staff present: Clerk Hibbs, Public Works Supervisor Coffman. Also present: Mayor Lillie, Councilman Swalla, Mike Anthony from Shive Hattery, and Travis Squires from Piper Jaffray.

1. Approve Agenda.

2. Discussion on financing new water tower project

Mike Anthony started the discussion with a recap of prior discussions. Water source study was done in January. Current tower is undersized. Recommendation is a new elevated tank, at an estimate of \$1M to \$1.2M. Size 150,000 with alternate of 250,000 gallon options. Located at current location. Will utilize Warren Water pressure during construction. Mayor suggested having conversation with Warren regarding this process. Construction would take 6 to 8 months.

Travis Squires looked at original modelling. 3 years ago cost was \$800,000, with \$60,000/year over 20 years. We have an existing loan at \$65,000 that is not paid off until 2034. We have an option to restructure existing debt June 1, 2019. Could get more favorable covenants with this. However, there would not be any interest savings. Might need small water rate increase. Need to look more at FY2019 per forma. Raise in cost of project is due to steel prices. Discussed doing option of a combo with Debt Service and water revenue bonds. Also have to think about upcoming sewer debt. We will want to save some G.O. debt for sewer. More flexibility after 2022, when some debt falls off. Talked about using tax increment financing and/or debt levy increase.

Mike addressed timing. Three to four months for design plans and bidding. Plan on Spring 2019? He stated Ahlers is finishing up Urban Renewal Plan. Mayor asked if any benefit to Spring 2019 start date. We can get bids for 2019, and if you don't like them, you can reject and rebid in for 2020. Would be best to get TIF base established early as possible. Travis stated he is hearing a desire to split water tower property taxes and water revenue rates. Do not want to have double digit water rate increase. Restructure existing debt to reset debt profile. Also, goal on sewer plant is to have as much TIF or property tax as manageable. Discussion on advantages/disadvantages of being aggressive using TIF.

Travis will put together memo with numbers for next council meeting which summarizes tonight's conversation. Mike will have engineering proposal ready for council meeting also. Consensus of committee to aim for construction in 2019. Waiting for Urban Renewal Plan from Ahlers. Might have to set another Municipal Enterprises meeting to dig into numbers.

3. Discussion on sewer rate discrepancy.

Hibbs went over the email which was Council about this issue. Auditor's stated SW fees were not increased in January, 2016, as they should have been per Ordinance #382. Minimum bills should have been \$18.53. Minimum users bills did reflect that change, but those using over minimum were charged \$17.00 (old rate) for their minimum. Since this was our mistake, and it would hard to recoup the difference, committee decided to on from this point forward.

4. Adjourn

Being there was no further business, meeting was adjourned at 8:26 p.m.