

REGULAR MEETING – MARION COMMON COUNCIL – JUNE 18, 2019 – 7:00 P.M., CITY HALL

The Common Council of the City of Marion, Indiana met in regular session on Tuesday, the 18th day of June, 2019 at the hour of 7:00 pm in the Council Chambers, City Hall.

On the call of the roll the following members were shown to be absent or present as follows:

Present: Henderson, Brunner, Smith, Batchelor, Cain, Homer, Johnson, Luzadder and Miller.

Absent: None.

COMMITTEE REPORTS: Councilman Steve Henderson said he got a request from Janet Pearson to hear about a tax abatement. Is that the proper procedure, for that to come to the Compliance Committee? Okay, so they will need to set it at 6:00 pm, two weeks, upper room. Deputy Clerk Debbie Goodman asked, July 2nd? Henderson replied, before the next meeting, yes. Councilman Brad Luzadder asked, and that's residential? Henderson answered, residential. Council President Alan Miller said, oh, it's residential. Mr. Henderson stated, it's residential, \$300,000 home.

Councilman Dave Homer said the Ordinance Committee has met on one occasion to discuss design standards for the downtown area. They've been requested to kind of, if you will, look at those again and they're having a meeting, not the committee itself but there is a group that's meeting to discuss the design standards tomorrow at the library. That's at 2:00 pm. And then from there, they're just trying to get a handle on what the city is requesting as they're putting together the Downtown Impact Grant for the downtown area and part of that grant process, Jacque Dodyk is helping prepare that grant, and so part of that process is that Design Standard Ordinance needs to be completed and put in some fashion into place so that they can say in the grant that they have something in place for design standards downtown. So, they'll be working on that. He'll keep the Council apprised to a committee meeting once they've decided on what they want to bring to the Council to take a look at. And that'll be tomorrow, 2:00 pm, Forest Room at the library, Homer said.

Council President Alan Miller said he might just go on the record as expressing at least their appreciation in Shady Hills Estates to Jim Loftis and his crew. He didn't realize how much storm damage. They were out of the country when that storm hit a few weeks ago. They spent almost an entire day, getting Shady Hills Estates cleaned up the other day. Generally speaking, are they finding that their neighborhoods are getting cleaned up one at a time? Yeah, he didn't realize what a massive task that was. So, if they think of it, send Jim a note or an email.

NEW BUSINESS

RESOLUTION NO. 6-2019

The Deputy Clerk read Resolution No. 6-2019 by title only. A Resolution of the Common Council of the City of Marion authorizing intervention in the request by Indiana Michigan Power Co. before the Indiana Utility Regulatory Commission to increase the rates and charges to the city and its citizens. Chuck Binkerd, Utilities Director, thanked the Council for giving him the opportunity to come and speak to them tonight on this issue. They were here a year ago or just a little over a year ago possibly to talk about the same issue. As they know, he's sure they're aware, it's been publicized pretty well, he thinks, that Indiana Michigan Power, also they do business as AEP as an affiliate, they have submitted to the Indiana Utility Regulatory Commission a petition to increase their rates. As they'll recall, it was back mid to late 2017, he thinks, when they first filed for that first increase, which was passed in 2018. If they'll recall, they were requesting about a 20% increase at that time and so they had come to them and obviously their board was supportive as well and asked that they pass a resolution to allow them to move forward with intervention in that case before IURC on behalf of the city. So, they're really here for the same purpose again this evening. As they'll recall last time, that process worked very well. As fate would have it, there were some tax changes at the time that they were able to take advantage of and that certainly helped in the process of lowering that eventual increase. But certainly the intervention among the parties at that time, it was City of Marion, City of Muncie, City of Ft. Wayne, City of South Bend and then there was a group of industrial folks, users, who are part of their system and just a whole myriad of folks who were intervening in that case at the time. So he thinks the effort certainly was fruitful. So, at this time, they're looking at the potential for about 11.75% is what they're saying, what they're requesting. They're saying that that

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would be implemented over a three phase type period so that implementation would start Spring of 2020 and they would be finished with the full increase effective January 1, 2021. So they are phasing it in. It's a relatively short phase in period, in his opinion. What that could look like, and again, this is all published material so this is nothing, you know, he hasn't come with anything new necessarily but he just wanted to bring it all to their attention. They're publicizing that, for the average user on Indiana Michigan Power's system, who uses 1,000 kilowatt hours of power in a month, which that's probably fairly typical. He thinks, when they break down the averages, it's around 900 maybe, just a shade under 900 kilowatt hours so, if you're just looking at round numbers and you look at 1,000 kilowatt hours in a month, that would really, once the rate is implemented, result in about a \$21.11 increase to the electric bill for residential users. Now of course, they all know and he's sure they'll recall from the last discussions, the rate system is extremely complex so there are many, many tiers, there are many different tariffs, there are many types of ways in which those rates are broken down and so the way that would affect the Utility itself or the city itself is a little bit unknown at this point but if it were anywhere in that ballpark of 11.75%, for the Utility, they spend about \$500,000/year in electric cost. And he believes from his work the last time they went through this, he believes the city is probably about in that same realm, \$500,000 or so. So overall for the city, they're talking about \$1,000,000 and so that could be anywhere from \$100,000 to \$120,000, \$125,000 hit to their budgets if the rate would be enacted in the way that they're proposing. So they think it's a significant issue and they feel like it's important for them to be a part of an intervention again on this particular matter. The City of Ft. Wayne has filed as well so they would be joining them. There would be, again, there's many, many other entities who have filed. There's an industrial user group, again. There are several other Citizens Action Coalition, many other entities who are intervening in this case on behalf of the folks within their territory. So, they felt like they needed to be a part of that, given the potential impact for not only the residential users and consumers within their community but certainly for the utilities and for the city, you know, with the large costs that they already have in that regard. One thing that he did want to just stress was that, you know, as they come asking for their blessing, essentially, to move forward with the intervention, they just want to make sure that it's clear that this is not an adversarial kind of an action on their part. It would not be considered that from the utilities' perspective and he's sure from the Council's perspective. They are a utility so they certainly understand the challenges and the issues that are faced by every utility, public or private. There are increasing costs to maintain infrastructure, increasing regulatory demands, of course. They understand that they have some of those issues. They (Marion Utilities) have those issues too. And so, they want to make sure that it's clear it's not about being combative or fighting against their needs because they certainly understand what they're facing but they feel like it's just in the best interest of the community for them to have a voice at the table, when they're talking about what levels of increase make sense, what areas that they're considering in terms of when they present additional costs. They're going to be talking about a lot of capital projects. They're going to be talking about a variety of issues, some environmental, clean up issues. They're going to talk about a number of issues. They feel like it would be pertinent for us to have a voice at the table there. So, with that in mind, they have before them the resolution that they are looking at, essentially stating that on May 14th, Indiana Michigan Power filed a petition before the Regulatory Commission to increase the rates on average of 11.75%. The second point was that the City of Marion, and that certainly includes Marion Utilities, purchases electricity from I & M and thus the city has a significant interest in the proceedings. And then the final paragraph there certainly just affirming and ratifying the process that they're going through. So, if they have any questions, he'd be more than happy to try to answer those, Binkerd said. Councilman Brad Luzadder said he spoke with Chuck this afternoon. A lot of the problem is they have great lobbying groups that are working in their favor. Even though they set up an intervention last time, there was an increase into the rates and it's, he guessed, unusual to have someone come back this quick for another increase without really giving service to the individuals. So, he would urge all the Council members to start looking at their Representatives and their Senators down in Indianapolis that this is not a great idea, especially as hard hit as their community has been as of late. Last night, they had a conversation, Councilman Brunner and he were discussing, along with Mr. Henderson, that we don't receive anything from I & M. And he spoke with Virgil (Hartley, Engineering Department) today and the only real interaction in which they have with them is they, if we find a place where we want a street light to go up, they will put up a pole, they will put up the light fixture and they'll get one bulb. After that, it rests solely with us in which to take care of that. So, it's not like Spectrum who has a fee that comes back to us that goes into our General Fund. There's nothing that comes to us from

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this except for them taking money out of our community. And so, he applauds Mr. Binkerd for jumping on this as quickly as they have. They need to start making some phone calls and let them know that this is not a good idea, especially with our community. So, he would stress highly to go for this because it's our citizens are the ones that are going to take it on the chin, which is sad. That's his take, Luzadder said. Councilwoman Lynn Johnson told Mr. Binkerd he said something here about that they're going to employ professionals and attorneys and engage with the appropriate professionals in pursuing this. Does he have an estimate for those professionals as to how much this is going to cost him? Or cost us? Binkerd told Johnson, yeah, he thinks from his initial conversations with their lawyer so far, they are in the process of procuring the consultant who would be the expert witnesses on our behalf and on behalf of the City of Ft. Wayne. He thinks that number is around \$90,000 to \$95,000. Now, how they worked this arrangement last time was, because obviously the City of Marion and the City of Ft. Wayne are not comparable in terms of their financial resources. They're not comparable in terms of the amount of energy that they consume. So what they agreed to and what they've tentatively agreed to at this point is that they would pay a percentage, based on our usage. So in other words, we would look at the City of Marion's electric use, the City of Ft. Wayne's electric use and then they would just pay the percentage share for those costs. And so he thinks, again, that consultant fees were projected at \$90,000 to \$95,000 and probably \$20,000 to \$30,000 in legal fees, he's guessing, and again those would be shared between the communities. Johnson said, okay, so he's planning to absorb those fees into the Marion Utilities' budget? Is that what he's thinking of doing? Binkerd replied, yes, right. Mrs. Johnson asked, is he planning to pass those fees on through to the customers of the City of Marion's utility? Binkerd told Johnson, well obviously, everything they do is paid for by the folks here that live in the community. However, they do have the resources to be able to enfold those costs within their budget without coming back and saying hey, we need a rate increase because of this. So, they look at it as an opportunity to see, they're hoping, a wash in those costs. In other words, if the rate increase goes through and it costs the city \$120,000 a year, it doesn't take very long for them to recoup that investment in consulting fees back by trying to get that reduced. And so, they think that it will pay for itself and it certainly did last time that they went through this process. Johnson said she's not familiar with the minutes from the Utility Board. Has he already discussed these things with the Utility Board or does he have to? Binkerd replied, they have, they have and they have passed essentially this same exact resolution on their behalf and they've requested that he come and get their support as well. Council President Miller told Mrs. Johnson he was there and that was a unanimous vote of the Utility Board, what, a week and a half ago. Councilman Jim Brunner said, probably a question for Mr. Miller because he thinks there are going to be some very interesting conversations in this room in the next two months about budgets. When are they planning on starting their budgetary process? Miller told Brunner, well they kind of touched on that at the last meeting. He thinks Julie was saying they would have them early August. He means, historically, their hearings have been in September. There's no reason they can't be moved up. They've kind of backed them up from the October or whenever approval but they certainly can address them sooner. The budgets, as they know, they're dealing with six months of actual and six months of assumed so, yep, any time after June 30th, they've got all the information they're going to have. Brunner told Mr. Binkerd, and not to be the first to strike this statement but, like a lot of communities that reside in the State of Indiana, we have some gentlemen who have been putting their lives on the line much more this year than they ever have before and he thinks it is due time that this Council and this city start standing behind those people more, financially, and so the news he gives them is a very unwelcome statement from those folks because he thinks, if they're going to be paying that kind of money out for electricity, and again another raise, it would be very difficult for them to look at their police and firemen in the next 60 days and be able to tell them we probably won't be able to afford any increase for them when they put their lives on the line because of what's going on with I & M and AEP. So, just an early comment that he'd like to put on the table and he thinks a number of the people that he has spoken with on this Council feel the exact same way he does so he just wanted to get that out, Brunner said. Mr. Miller asked Binkerd, what would he expect the timetable to be on the hearings? The last one would have been, what, 14, 16 months from filing date to effective date. Mr. Binkerd said, yeah, he has a proposed schedule and he apologizes, he didn't bring that with him this evening, but yeah, it's going to be a few months down the road before this is actually ever settled. He's assuming fall, late fall. They're wanting to have this thing in place by Spring of 2020 so he's assuming by the end of the year, early next year, this would be finalized. Miller said, he's always been curious, never been to an IURC hearing. Is all of the evidence likely to be presented by the "professional interveners" or do they

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actually bring in some rate users, people that are directly affected by this? Binkerd answered, normally the rate users are represented by the Office of Consumer Counsel, so OUCC, that is a state agency which is supposed to be independent in representing the people and so there's a staff of lawyers and a staff of experts that they will present and they'll give that testimony on behalf of the residents. Council President Miller asked, other comments from anyone? If not, he will entertain a motion on the resolution. Only requires one reading, does it not, counselor? Just the one reading, no public hearing, no second hearing, Miller said. Motion was made by Luzadder to pass Resolution No. 6-2019. Motion was seconded by Brunner and carried by the following vote. Aye: Henderson, Brunner, Smith, Batchelor, Cain, Homer, Johnson, Luzadder and Miller. Nay: None. Miller thanked Binkerd for doing the legwork and taking the lead role. Binkerd told the Council, absolutely, thank you for your support.

Councilman Jim Brunner told Council President Miller he'd just like to thank a place he knows quite well, Indiana Wesleyan University is bringing to our community this weekend, he believes Friday, Saturday and Sunday, over 130 boys high school basketball teams for their annual Hoop Shoot-Out. So, they will see a lot of tall human beings walking the streets of Marion and frequenting restaurants and being part of our community. It's a great way for them to advertise our community to a lot of people around the State of Indiana. He thinks they're from north, south, east and west so thanks to Indiana Wesleyan. He's already passed that word along to Mr. Tonagel who has put this all together, the coach at Indiana Wesleyan. It's a great way for them to show off their University and a great way for us to show off our community. Miller said, and if they're on campus between now and the weekend, they'll see a lot of really short people running around. He thinks they have 800 or 900 people there from a national group called Not Never The Same. It is a Christian summer camp. They had, he thinks, the middle school last week so there's like 800 or 900 of them there this week. So probably a lot of those parents and chaperones are eating in restaurants and staying in their hotels. So, yeah, he thinks there are 30,000 people they're expecting again this summer on campus.

Council President Miller told Mr. Homer he heard something today. His organization, Save Our Stories, acquired a home on South Adams Street and there's going to be some activity this weekend. Councilman Dave Homer said, yes, 917 South Adams, he thinks what people refer to as the Ginger Lee house. Yes, they have a clean-up scheduled for that property. Stan and Lydia Wiseman, who were owners of that property, so graciously turned that property over to them, they deeded that property to SOS in an effort for them to get a loan through Indiana Landmarks. They're going to put a new roof on the main house. They're going to tuck point the brick, hopefully be able to have enough money to fix that wall out front and then they're going to look at how to get a roof on the carriage house. It has an apartment above that. But they're going to have a clean out of both the garage and the house this weekend from 8:00 am until noon so if they're feeling their oats and they want to come down and throw stuff into a dumpster then they'd appreciate all the help they can get. Yeah, they're excited about that. And then they'll just try to market that with Indiana Landmarks and see if they get a buyer for the property who wants to put something in there. Miller stated, great, congratulations, he just heard that this morning, from Ginger Lee he believes.

Being no further business to come before the Council, on a motion by Homer, 2nd by Johnson, the meeting adjourned. Time being 7:25 p.m.