

**CITY OF MASCOUTAH
CITY COUNCIL MINUTES
#3 WEST MAIN STREET
MASCOUTAH, IL 62258-2030**

JANUARY 11, 2016

The minutes of the work session of the City Council of the City of Mascoutah.

CALL TO ORDER

Mayor Gerald Daugherty called the work session to order at 6:00 p.m.

Present: Mayor Gerald Daugherty, Council members Ben Grodeon, Paul Schorr, John Weyant and Pat McMahan.

Absent: None.

Other Staff Present: City Manager Cody Hawkins, City Clerk Kari Haas, Assistant City Manager Lisa Koerkenmeier, and City Engineer Ron Yeager.

DISCUSSION – Phase II Electric

Marty Thomas, President of BHMG, and Jason Jackson, Project Engineer from BHMG, provided a presentation to Council of two options for the Phase II Electric Project.

Question was asked if cost estimates included cost for easements. Marty Thomas explained that the estimated costs include easement, engineering and contingency expenses. City Manager stated that total easement costs are estimated to be \$250,000-\$325,000.

Question was asked regarding the Phase I Electric Project and why the direction has changed forcing the City to now demolish the south breaker station. Marty Thomas stated that Ameren is changing the way they allow taps from how they used to be done when the City did the first project. Marty Thomas explained that Ameren is also wanting to increase their own reliability on their line so they are wanting to construct the ringbus which will cost them around \$8 million. Marty Thomas explained that Ameren is wanting access off a main road instead of a country road which is why the City can't use the existing breaker station tap on point. It was explained that Ameren has not purchased property yet and is waiting for Mascoutah to sign the construction agreement before they purchase the land. Marty Thomas explained that this ringbus project came about after the City asked Ameren about increasing reliability at the existing tap/breaker station and this was Ameren's solution which will now provide the City with additional capacity at the north substation.

Question was asked about the route to use to connect Union Substation to new ringbus. It was explained that the City has asked Ameren about encroaching onto their easement but would still require the City to purchase additional easement. Question was asked about possibly co-locating with Ameren on their easement. It was explained that answers from Ameren on either scenario have not been completely answered but Marty Thomas did

explain that co-locating with Ameren will require additional steps and stipulations to be taken for maintenance on our lines and that the City would be subject to Ameren's terms and conditions regarding maintenance on either entity's lines.

Jason Klein, resident of Grodeon Road, asked about where exactly the pole line would be located on Grodeon Road because looking at the map it looks like it goes right over his house. City Manager stated that if it was along Grodeon Road, it would be on the northern boundary of the farmed land south of the houses.

Council discussed the different options on routes to be used to tie in the union substation with the new ringbus. Council was in agreement to use whichever route provides the great reliability for the residents and agreed the best route would be immediately north of Ameren's existing line and easement.

Council reviewed both options provided and was in agreement that project A would be the best option for the City in order to provide the capacity needed for development to the north and to provide the greatest reliability for the residents.

City Manager provided information to Council regarding three options for financing which included a bond issue, rural electric federal loan from USDA, or local bank loan. City Manager stated that he is still gathering information on the federal loan from USDA. City Manager stated that depending on the information regarding the federal loan, he would advocate dealing with a local bank since there would be no fees and wouldn't have the expenses for bond issuance or underwriting. City Manager stated that the Electric Fund has a \$6.9 million fund balance right now and explained that revenues over expenses in the Electric Fund are normally around \$750,000 or more per year. Discussion took place regarding the fund balance of the Electric Fund and it decreasing over the next few years to around \$550,000-\$590,000 per year with this project. Question was asked about if rates were going to need to be increased. City Manager stated that he does not want to increase rates and would like to find a way to fund the project without increasing rates.

Council discussed the financing options and requested the Finance Committee review and provide a recommendation.

City Manager explained that the next step will be to have the construction agreement with Ameren signed. City Manager stated that he will have the Finance Committee review the construction agreement with Ameren before it is brought to Council for approval. City Manager stated that IMEA also has to approve a resolution basically approving the project and agreeing to the construction agreement. City Manager stated that the next fiscal year will include budgeted funds to begin acquiring easements and maybe some equipment/material purchases that require some lead time to acquire.

PUBLIC COMMENTS

None.

ADJOURNMENT

McMahan moved, seconded by Schorr, to **adjourn at 7:16 p.m.**

Motion passed. Motion passed by unanimous yes voice vote.

Kari D. Haas, City Clerk