

TOWN OF SCHERERVILLE
SPECIAL JOINT WATER WORKS/
TOWN COUNCIL MEETING

SCHERERVILLE, INDIANA
SEPTEMBER 22, 2021

A Special Town Council/Water Works Board Meeting of the Town of Schererville, IN was called to order by President Rob Guetzloff at 6:00 p.m. at the Park Community Center, 600 E. Joliet Street Schererville, IN.

The Pledge of Allegiance to the flag was given.

Attendance was taken with the following Council Members present: Caleb S. Johnson, Kevin Connelly, Robin Arvanitis, Thomas Schmitt and Rob Guetzloff. Staff members present: Attorney David Austgen, Director of Public Works Andy Hansen, Director of Operations James Gorman, Town Manager Robert Volkmann, Clerk-Treasurer Michael Troxell and Recording Secretary Robin Thiel.

THEREUPON, New Business

ITEM A. Public Discussion of Ordinance #1971: Water Utility
Withdrawal from the Indiana Utility Regulatory Commission
(IURC)

Mr. Volkmann stated that we are here to discuss Ordinance #1971, which is the Town Council read on 1st reading last month to withdrawal the Water Utilities from the jurisdiction of the IURC. He stated that in that discussion they prepared general questions and answers. He stated the first thing people are going to say is "why are we doing this". Mr. Volkmann stated we are doing this because it saves the Water Utility money, which in turn saves us all money, because we have to pay for the water that we purchase. Mr. Volkmann stated that Schererville is a Non-Profit Utility, it is owned by us as residents and users of that system. He stated that every year we pay fees to belong to the IURC and whenever there is a rate case we have to pay for professionals to present that case to the IURC.

Mr. Volkmann stated that in 1988 the State Legislator passed legislation to allow the public locally owned utilities to withdraw from that jurisdiction and control their utilities locally. He stated that since then 93% of those utilities have withdrawn from the IURC. Mr. Volkmann stated that to belong to the IURC it cost approximately ten to fifteen thousand yearly, but when you do go for a rate case, just a simple one, we could spend near fifty thousand dollars in consulting fees to present a case to the IURC. He stated that even though we do all of the rate calculations here locally and the Board here approves it, it still gets reviewed down there. Mr. Volkmann stated that if we have a full-blown rate case that could cost in the hundreds of thousands of dollars. He stated that we haven't done those rates since 2005, we have nothing forecast to do, and our utility has no debt. He stated that basically it is time, there is no viable reason for our Utility to remain in it. The control is right here amongst our elected officials. Mr. Volkmann stated that we have some of the best

utilities in the whole area, if not in the whole State and that is because it is run professionally. Mr. Volkmann stated that we get to vote for them, the IURC is down in Indianapolis.

Mr. Volkmann stated that the basic reason is it saves us money as consumers. Mr. Volkmann stated that he has some questions and answers that Clerk-Treasurer Mike Troxell put together through the discussions we had at the Town. Mr. Volkmann stated that he will go through some of them.

1. Why does Schererville Water Utility want out of the IURC?

Bottom line ... It costs us all money.

2. Are we going to raise the rates?

Mr. Volkmann stated that those utilities that opted out is basically because of high cost of going in front of the IURC. He stated that water rates and utility rates are going to occasionally going to go up because the cost of operations go up. People who work for the utility, they get raises, the cost of materials and supplies go up. He stated that they do go up periodically, but it has been sixteen years that we have raised water rates for Schererville.

3. What prevents the Utility/Town Board from raising the rates in excess of the utility's needs?

Mr. Volkmann stated that we have the same requirement for doing a rate study. He stated that this is a non-profit utility so we are not allowed to do that. The Water Utility just supports the Water Utility. He stated we can't use that money to put a playground in a park, or do any other kind of work that is not allowed under state statute. Mr. Volkmann stated that we are still regulated by State Law.

4. Does the IURC insure the financial stability of Schererville Water District.

Mr. Volkmann stated no it doesn't. It has nothing to do with how financially sound it is. The only thing they regulate is rates. Mr. Volkmann explained that we have to do the rate study here, then we present it to the IURC, they scrutinize it and then they approve what we did. He stated that we still have the statutory basis to establish a rate. Mr. Volkmann stated that there will be Public Hearings for any potential rate increase. He stated that we have monthly meeting and you are always welcome to come. Mr. Volkmann stated that the IURC does not regulate the quality of our water that is regulated by Indiana Department of Environmental Management (IDEM) and you get your water volume report every July, it goes in your water bill.

5. Does the IURC care if we are in or out.

Mr. Volkmann advised, no they don't. He stated that prior to 1988 all utilities had to be under the guide and commission. It was after 1988 when the state allowed public utilities to opt out.

Mr. Volkmann stated that those are some of the questions that we received.

Mr. Guetzloff stated that we will open it to the floor for Public Comment, please state your name and address.

Scott Sefton, 7050 W. 83rd Place stated that most of the people here are concerned about the possibility of our rates. He asked why it took so long to come out of it, you could have saved hundreds of thousands of dollar and we all know that Indiana American Water is putting money in Gary for a new system, so we know they will have to pass this along to us. He asked if there is any way of getting out of Indiana American Water and go over to Hammond, where we could get a more competitive rate.

Mr. Volkmann stated that back in the late 1990's we explored tying into Hammond's water, but there would be tens of millions of dollars in infrastructure that would have to be installed to take water from Hammond. They don't have the capacity to pump the volume of water that we take from Indiana American Water. He stated that Hammond is not a viable option at this point. Mr. Volkmann stated that there was talk at one point to maybe tying into East Chicago's Plant, but they don't have the capacity at that plant. He stated that there are not a lot of options for us.

Mr. Sefton asked why it took so long to opt out. Mr. Volkmann stated that none of these Councilmembers here were here in 1988. Mr. Volkmann stated that he always had the mindset that we were interveners when Indiana American goes in front of the Commission, and he always thought we carried a little bit of a stick because we were a member of the Commission as well, but through the years and the various remonstrance's that we have done at the Commission level for rates, he has learned that it doesn't carry any weight at all.

Michael Engleton, 11265 W. 80th Court, Schererville. He stated he was wondering how our rates here in Schererville compare to our surrounding neighbors.

Mr. Volkmann we are one of the cheapest. We are not cheaper than Highland on the Water Rate side, because I know they get it from Hammond. He stated that we are cheaper than Crown Point and they buy their water from Indiana American. He advised Mr. Engleton that he can email him the exact numbers.

Mr. Engleton, 11265 W. 80th Court asked if the members of the IURC appointed by the Governor or are they voted on. Mr. Volkmann stated

that they are appointed by the Governor. Mr. Engleton asked if they are in an advisory capacity and not an enforcement type. Attorney Austgen stated that yes they have a say, they are in administrative positions.

Gregory Trinkle, 437 Concord stated his question is where Dyer gets their water. Mr. Volkmann stated that Dyer gets their water through Highland. Highland gets it from Hammond, and then they pump it to Dyer. Mr. Trinkle asked if Indiana American used to be Gary Hobart Water. Mr. Volkmann stated that is correct. Mr. Trinkle asked why we don't get our water from Highland, who gets it from Hammond. Mr. Volkmann stated that Hammond does not have the capacity that we would require.

William Langel, 532 Meadow Ridge asked that being in the IURC, do they place a cap to what you can charge the residents. Mr. Volkmann stated no. He explained that if you do a rate case, you do a rate study. It is done independently by financial consultants. He stated that the rate has to be justified. He stated the IURC has Public Hearings just like we are here, but they are all the way in Indianapolis. Mr. Volkmann stated that they will also look at alternatives, for instance if we are going to build a water tower or if we are going to build some type of infrastructure that is going to cost tens million dollars. They will ask, well did you look at this, they will ask if we checked any other alternatives to what we are proposing. Mr. Volkmann stated that the experience he has been is the rate that we request they are going to grant because we have done it above board and follow the rules. Mr. Langel asked if Hammond is non-profit. Mr. Volkmann stated they are a public non-profit Utility.

Don Sievert, 501 Gard Lane, stated he just wanted to go back to the point you mentioned earlier, the policy or rule was changed in 1988, but you said in your letter you said you deemed it appropriate to consider. He asked why triggered it at this point and time, some 33 years later. Mr. Volkmann stated that this is not the first time it has been discussed, this has been talked about over the years and it's time. He stated basically we get to the point where there isn't any benefit for us to be under the IURC. Mr. Volkmann stated that if our customers don't want to leave the IURC and they want to pick up the additional cost and think that is a benefit to them, which is ok too. Mr. Volkmann stated that our justification is that is going to lower cost for our operation. Mr. Sievert stated you said it would lower the cost of your operation. Mr. Volkmann stated that there is no reduction rate, but what it will do is that it will sustain us to not go for any rate increase in the future. Over the long run we will save money. Mr. Volkmann stated that all of the excess funds for the utility are put into the Water Improvement Account, the Water Improvement account is for when we have to a water main, replace a fire hydrant, and paint a water tower. He said painting a water tower is about a half of million dollars. Mr. Volkmann stated that the Tower on US 41 has been up there

for twenty years, and he is having that one inspected for painting now. He stated that those type of expenses, we don't have to bond for, we are able to pay them out of our operating cost and improvement cost. Mr. Sievert asked if the money you will be saving to opt out of the IURC would go to the Improvement Fund. Mr. Volkmann stated that is correct. Mr. Sievert asked that in the future when you do need a rate increase who is going to approve that locally here with the Town. Mr. Volkmann stated the members that are here tonight, it is the people you elect. Mr. Sievert asked if doesn't the IURC monitor the cap that, the percentage increase you can put onto us. Mr. Volkmann stated, they do, that is what their job is. Mr. Sievert stated but the board can raise it to what they want. Mr. Volkmann stated no they can't, we still have to do the rate study, and you still have to justify the rate. It doesn't change anything we do on our side to justify a rate increase. Mr. Sievert asked who mandates the rate study, the elected officials. Mr. Volkmann stated that they have to follow the statutes. We are not allowed to say we need some additional money, let's just raise the rate.

Mr. Michael Newell, 6930 72nd Avenue, stated you saw last winter in Texas when their power failed, there were customers down their paying \$4,000.00 a day for electricity. He asked what type of protection would be put in place so we don't have a rate hike like that. Mr. Volkmann stated that is highly unlikely. He stated we still would have a rate case and you would still have to justify it going through the statue template to justify the rate. Mr. Volkmann stated that we do have connections with Dyer, Highland, and St. John that we would supplement. He stated we may have to put water restrictions to our residents.

Melanie Christy, 5022 W. 86th Place, stated that our water has always been great and she wonders if it is because you are a member of the IURC. She asked what makes a utility in town a profit or non-profit. Mr. Volkmann stated that our utility is nonprofit because it is owned by us, we are responsible for it. She asked if there was a chance for us to become a for profit utility organization. Mr. Volkmann stated he doesn't know what the purpose of that. He stated that at the end of the day we are in the customer service business. We have 30,000 customers we have to take care of. Mr. Volkmann stated that Indiana American would buy us in a heartbeat. We have a great utility, we have great customers. Ms. Christy asked why now are you withdrawing from the IURC, what is your reason.

Mr. Johnson, Town Councilman, stated that when they talked about a rate increase that Indiana American was passing onto us it was feasible to pay the money to the IURC just to pass along this small little increase. He stated we were like, why are we in the IURC, we're eating the cost of a rate increase when it cost more to get approval to pass along the rate increase than it does to get the rate increase. Mr. Johnson stated they talked about how much this cost us every year, how much it cost us over the life of the time we have been doing this. He stated that to him it was a no brainer because Indiana American went through the IURC to get the rate increase that they passed onto us and then we have to go to the IURC a second time for the exact rate

increase. Mr. Johnson stated that now we paying the IURC, the professional fees, the membership to get a rate increase that was already approved by the IURC. He said it didn't make sense to the Council to pay that a second time. He stated you're asking why now, that's his why now.

Ms. Christy stated that she lives in Pine Island and sees that there is a development going on by her. She asked what development plans are in Schererville. Mr. Volkmann stated that they just approved a subdivision that is down on the north end of Burr Street. The only other area that is of nature is the stuff that is south of Pine Island, they call it the Luers Christmas Tree Farm. He stated there is 750 available acres there. He stated that lets say they develop that 750 acres and we need to increase our water supply there, we do have a million gallon storage tank sitting there. But, say we needed another tank that needs to be built there, well every house that is built in there pays a fee outside of their tap fee that goes into the Water Improvement Fund that helps offsets those costs. Mr. Volkmann stated that at the end of the day, all new development that goes in, they pay for their own infrastructure, their own water main, their own sewer main, we don't pay for any of that.

Ms. Christy stated that she heard that the subdivision going in on Whitcomb, in Merrillville, that Schererville is planning on supplying water to them. Mr. Volkmann said there is no truth to that.

Mr. Tom Bony, 428 Sandpiper Drive, He stated that a lot of this talk was due to all of us. He said he understands the IURC, they are our protection. He said he also understands that once we pull out of it there is a chance you could raise our rates. He asked who would be in charge of raising the rates, would it be in charge of it, would it be the Council? He was advised yes. Mr. Bony asked the Council if they would were to increase the rates would they commit to 1.5% or 2%? Attorney Austgen stated that the statue won't allow it. He stated that it requires the Board overseeing the jurisdiction of the municipal water utility to provide efficient funds for the effective, efficient and proper distribution of water.

Mr. Johnson stated you go back logically as to what would happen if there is a spill at US Steel and we have to go to an alternate source for the foreseeable future, and we're now forced to run lines to St. John to supply us with water, how would we be able to substantiate that and pay for that.

Mr. Bony stated that we have other issues on the table, such as Bond Issues that is very important to us. He said another issue is about putting this on the ballot for the people to vote on, whether or not to pull out of the IURC. He stated when that time comes and the Council starts talking about this again, will they have the opportunity to come and remonstrate. Attorney Austgen stated there is another meeting next week if they choose to. He stated that at a Public Meeting the Town Council will take this matter up for consideration of adoption of the Ordinance, there is a period of time between the Ordinance being considered and adopted. He stated at the completion of that time period, you will have the opportunity to remonstrate against and file a petition.

Mr. Bony stated he has questions about Bond Issues. Mr. Volkmann stated that we don't have a bond issue. Mr. Bony stated that it says in the letter there is a Bond Issue. Mr. Volkmann stated that we have no Bond Issue for the Water Utility, we have adequate cash reserves now in the Water Utility to address just about anything we need.

Attorney Austgen stated that if we are not doing a capital improvement project that would require capital financing by Bond Issue. He stated that what that means is, if such event occurred, that would be in the jurisdiction of the IURC, we would be required to do the rate and analysis study that is required under law. He said we would be required to file a petition to the IURC and conduct the proceeding.

A resident stated it seems like you know what you're doing, and asked if there are financials available for the customers to look at. Mr. Volkmann stated that you can contact the Clerk-Treasurer's office for a Public request, they have any financial statement we have. Mr. Volkmann stated they are also on Gateway, there are portals that the State Board of Accounts has on Gateway where you can find all of that information.

A resident stated that a lot of questions have been answered tonight and asked if the question and answer sheet could be posted for the residents. Mr. Guetzloff asked Mr. Volkmann if it could be put in the next water bill. Mr. Volkmann stated that we can put it on the front page of our website too.

A resident asked about the meeting on September 29th, if they can attend again, or is it for other people. Mr. Volkmann stated that we are required to have two Public Hearings and they are required to be in two different locations. The meeting on September 29th will be at the Town Hall.

Mr. Guetzloff stated that he has been a resident of Schererville for 43 years and has been a Councilman for 22 years. He stated that every member of this Council works very hard and in the best interest of the taxpayers. He stated that we have a great staff and Attorney. He asked the residents to keep coming to the meetings, keep asking questions. The Town Council meetings are held on the 2nd Wednesday of every month at the Schererville Town Hall.

Tina Roth, 4900 Cardinal Court, stated she doesn't have a question regarding the IURC, she asked about the influx of Illinois plates in our area and asked what they are going to do about it. Mr. Guetzloff stated he will speak with the Chief of Police and the Code Enforcement Officer to see what we can do. Mr. Guetzloff stated that the Chief of Police will be at the October Town Council Meeting and they can address it then.

Mr. Bony stated that when it was discussed about putting it on the ballot, he asked if that they would have to file a petition sixty days after the Ordinance was adopted. He asked how they go about getting a petition. Mr. Guetzloff asked how many signatures they would have to have. Attorney Austgen stated they would have to have 2% of the total number of voters in the last election (Schererville). He was advised

he could find out that information on in.gov.

No further Public Comment.

Meeting adjourned.

ROB GUETZLOFF
TOWN COUNCIL PRESIDENT

MICHAEL A TROXELL, CMO
TOWN CLERK-TREASURER

A TRUE COPY

