

TOWN OF SCHERERVILLE
SPECIAL JOINT WATER WORKS/
TOWN COUNCIL MEETING

SCHERERVILLE, INDIANA
SEPTEMBER 29, 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. the Schererville Town Hall, 10 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 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. Gorman, Director of Operations for the Town of Schererville, stated he has a little bit of background in Wastewater. He started with the Town since 1993 and has working up at Town Hall for the last couple of years.

Mr. Gorman stated that we are here this evening to withdraw from the IURC, and our biggest reason for that is cost savings. He stated that the Board members here tonight know about the Water Utility and the most important thing for us is to save money on our utility, which is also the citizen's utility.

Mr. Gorman then gave a presentation and explained in detail:

- 1) Reasons to withdraw
- 2) Past Rate Increases
- 3) Common questions
- 4) Rates in surrounding communities
- 5) Outline of Indiana Code IC 8-1-.5-3-9, 9.1

Mr. Gorman stated if anyone has questions or comments to step up to the podium and state your name and address for the record.

Mr. John Zaborski, 112 Sorrento Drive, asked, what does the IURC do? He said if it regulates utilities and approves rate increases, without them there then there is no watchdog for the Utility to do what it wants. He stated granted it's in good shape, we have great administration but in the future things can change. He asked if the IURC is the Policeman of the Water Department Utilities.

Attorney Austgen stated that there are two bodies down in Indianapolis that have jurisdiction and regulations over water utilities

that are part of the IURC jurisdiction. He stated that one is the IURC, which is the determining body, they are the governing body over rate assessment and rate petitions. Attorney Austgen stated that there is also the office of Utility Consumer Council, who is the state adequate for the consumer. He stated that you not only have your own town water board, Town Council, but you also have the office of the Utility Consumer Council. He stated that presently that body is overseeing and administered by Executive William Fine, who is an individual that knows this area awfully well, being from Northwest Indiana. Attorney Austgen stated that that is the body that steps into your shoes as a consumer advocate.

Mr. Zaborski asked, if we get out of the IURC and you need to do a pass through of water, what is going to be the procedure.

Mr. Gorman stated that our Board would approve that. He stated that Indiana American would put a pass through on us, so we would naturally put it on the consumers. He stated that Indiana American Water, because they are a for profit utility that provides water to us, they would have to go in front of the IURC. Mr. Gorman stated that our Board members would decide what that pass through rate would be based on a rate study. He stated that due to the State Statute we would have to justify why we are raising those rates.

Attorney Austgen explained that Schererville has a contract for water supply with Indiana American. If in fact this community removed itself and processed that removal from the Commission's jurisdiction, then we still have a need for water. He said locally if we had a requirement here that we needed capital improvements or there was a need to bond, finance or consider whether rates needed to be increased to cover debt service or administration, that would be here, it would be before you, it would be with notice, it will be with the financial study and required financials that would justify and you would be given the opportunity to be heard. Attorney Austgen stated that all of those due process rights are subjective and protected.

Attorney Austgen stated that the need supply for this communities water utility comes from Indiana American. Indiana American is under the jurisdiction of the IURC, they cannot opt out. They are required to deal with the Commission pertaining to rates and charges. He stated that because we have a need contract, we would have to make sure and assure the rate payers and the water customers that we are not "being taken" by the application. Attorney Austgen stated that Indiana American appears every two years before the Commission in Indianapolis with a new petition. Attorney Austgen stated that we observe and monitor that here under any condition. Attorney Austgen stated that it is relevant here that that need supply was negotiated by our then Water Board President, Hal Slager, who is here in the room. He stated that under which negotiation there was a twenty five year term of water was guaranteed to this community. Attorney Austgen stated that we are not completely leaving the IURC and we don't want to mislead anybody here about that.

Mrs. Joy Anderson, 1449 Wilderness Drive, Schererville, IN stated that the way she heard it was, Representative Slager was instrumental in negotiating the contract for a twenty five water supply with Indiana

American Water, is that what you said. Attorney Austgen stated yes, in 2007 specifically for a term that would end in 2033.

David Choate, 5712 Gull Drive, stated he has a couple of questions. He stated from everything in your materials and what we have been talking about tonight, it seems like belonging to the IURC has been financially detrimental since its inception. He asked why we wait 33 years to take this action, why wasn't it done sooner.

Mr. Gorman stated that we were always under the impression that if we belong to the Commission we have a little bit of skin in the game, when our water supplier went in front of them so could remonstrate against them, but it turns it really didn't have a lot of effect on the Commission's decision. Mr. Gorman stated that these Board members weren't here 33 years ago. He stated in looking at ways to save money, it's just time.

Mr. Choate asked, doesn't the Board have the option to opt of what the statute requires and just put this to a vote to the people on the ballot without requiring them to file a petition. Attorney Austgen stated no sir, the statute must be followed, and that is the law.

Mr. Choate asked if we know how many signatures are required on the petition. Attorney Austgen stated 2% of the last Schererville election. Mr. Schmitt stated that there was roughly 20,000 voter's last election.

Mr. Johnson, 7412 Forest Ridge, stated that some of the neighbors you listed on the slide, you said that 93% have opted out, and asked which one did not. Mr. Gorman stated that 93% of non for profit municipal utilities have opted out since 1988. Mr. Gorman stated that none of the neighboring communities he mentioned in the presentation are in the IURC.

Mr. Prabaq asked if Indiana American Water is located in Portage by the US Steel discharge. Mr. Gorman stated no it is not, it is in Gary. He stated that the inlet for that is about a mile out into the Lake at about 40' deep. Mr. Gorman stated that when US Steel had the spill in Portage, Indiana American Water immediately shut the plant down and then served those customers from the Portage plant from the Gary plant.

Mr. Johnson, 7412 Forrest Ridge Drive, stated that when you showed us the slide, you said that Schererville was the lowest out of all of the cities and towns that you listed in the slide, with regards to our obligation, yet we are part of the IURC. Mr. Johnson stated that the other communities cost are higher, but they are not a part of what you want us to break away from. He stated that it doesn't make sense that we would break away when we are the lowest. He asked Mr. Gorman why we would do that. Mr. Gorman stated that we don't feel it is being justified by being a member of the Commission, or having to go in front of the Commission. He stated that the \$11,000.00 a year can be put back into the Water Utility. He stated that is why we haven't raised rates, because we have a great run utility. Mr. Johnson stated that it doesn't make sense that we want out of the IURC, although we are paying less. He said as the saying goes "if it is not broke, what are we trying to fix".

Mr. Dominic Colella, 521 Pinehurst Lane asked if the Utility Board ever gone to the IURC for a rate increase without a pass through. Councilman Johnson stated that there were 2 base rate increases that we had gone to the IURC for, one in 1994 and 2005. Mr. Colella stated that what most people are concerned about is that the Board is just going to start raising rates.

Les Meeter, 435 Annison, stated that in question #2 it states that we spend about \$11,000.00 per year to stay under the regulation and fees, and the reporting requirement to the State Commission. He asked what the reporting requirements to the State Commission are. Mr. Gorman stated it is our financial records. Mr. Meeter asked if those records are public record. Mr. Gorman stated yes. Mr. Meeter asked who makes up the Utility Board of Schererville. Mr. Gorman stated the Town Council does. Mr. Meeter stated, so the same people sitting up here are the Utility Board. Mr. Gorman advised yes, that's correct. Mr. Meeter stated that there is no citizen input, whatever party is in power is actually going to make the decision. Mr. Meeter stated that in Dyer, they only have one Council Liaison to each board, the rest are citizens.

Pam Putzell, 5059 W 85th Lane, stated that #9 in Q & A states that the governing body handle with some professional assistance. She asked who would be the professional assistance. Mr. Gorman stated that we have a financial consultant by the name of London Witte, they have been our financial consultant for the last thirty years. Ms. Putzell asked if we would have to have another contract with the financial consultant to handle this. Mr. Gorman stated that they already do this for us.

Mr. Jim Sweeney, 1773 Selo Drive, asked if this Ordinance just applies to the incoming water. Mr. Gorman stated that the Wastewater Utility is not required to be in the IURC. Mr. Sweeney stated he has a question on something Attorney Austgen said. He said if we opt out of the IURC that the second entity down there basically serves as an advocate to the public. Attorney Austgen stated it does. Mr. Sweeney stated that he reached out to the executive director for the Citizens Action Coalition in Indianapolis and asked him about this Ordinance. He stated after receiving his response that right now he would have to be talked out of the Ordinance.

Mr. Tom Bony, 428 Sandpiper Drive, stated that the people he talked to in his subdivision are really concerned about Schererville opting out of the IURC. He stated that the only recourse they have at this time is to do a petition, and we would need approximately 560 signatures on the petition. He asked if it is thirty days after you vote that we have to get the petition in. Mr. Guetzloff stated yes. Mr. Bony asked the Council if they want to give them any help on how to start this petition.

Joy Anderson, 1449 Wilderness Drive, asked the Council if they would be willing to say right now on how they are leaning on this issue.

Mr. Guetzloff stated that he is going to do what he is hearing from the public.

Mr. Connelly stated that right now he is leaning toward not opting out of the IURC. He stated that the last thing he wants to do is to put the Council against their own residents.

Mr. Johnson stated that when we started talking about this we were discussing the 2019 rate increase from Indiana American Water, we didn't even do a pass through onto our customers. It would cost more to go before the IURC than it would to pay for the rate increase. Mr. Johnson stated that he trust his Council members here today, that they do not want to raise the rates, but he cannot predict what the future Council members will do. He stated that he has been leaning for not voting for this.

Mr. Schmitt stated that he has probably talked to 100 people the last two weeks and 85% of the people like the idea of staying in the IURC for protection. Mr. Schmitt stated he is going to stick with what the residents want.

Mrs. Arvanitis stated that hearing what the residents want is very important when making her decision and she is going to do what the residents want.

Mr. Schmitt asked Attorney Austgen since this is a public meeting would we be able to make a motion to stop the process of opting out of the IURC. Attorney Austgen stated, yes, this is a public meeting, you may take action.

Mr. Schmitt made a motion to stop the process of withdrawing front the Indiana Utility Regulatory Commission (IURC), seconded by Mrs. Arvanitis. All in favor (5-0).

Mr. Guetzloff stated that the people of Schererville spoke and we listened.

No further Public Comment.

Meeting adjourned.

ROB GUETZLOFF
TOWN COUNCIL PRESIDENT

MICHAEL A TROXELL, CMO
TOWN CLERK-TREASURER

A TRUE COPY

