

Jerilee Hopkins  
City Clerk



City of Mt. Vernon  
1100 Main PO Box 1708  
Mt. Vernon, IL 62864  
cityclerk@mvn.net

618-242-5000  
FAX 618-242-6867  
www.mtvernon.com

**CITY OF MT. VERNON, ILLINOIS  
CITY COUNCIL WORKSHOP MEETING  
Thursday, June 30, 2016**

The Mt. Vernon City Council met in a Workshop Meeting on Thursday, June 30, 2016 at 4:00 p.m. at City Hall, 1100 Main Street, Council Chamber Room, 2<sup>nd</sup> Floor, Mt. Vernon, IL.

**CALL TO ORDER**

Mayor Mary Jane Chesley called the meeting to order. Roll call showed present: Council Members Jeff May, Dennis McEnaney, Donte Moore, Todd Piper and Mayor Mary Jane Chesley. Also present were City Manager Mary Ellen Bechtel, Nathan McKenna and Jerilee Hopkins.

**VISITORS/CITIZEN REQUEST/ADDRESSES FROM THE AUDIENCE**

Terrence Cook, who resides on Short Street, shared that the water main breaks in the area around Welkins and Short Streets are causing debris in the water lines in their homes. Mayor Chesley and City Manager Bechtel apologized for the inconvenience and emphasized that the City is doing all it can to repair the aging water main system.

**FINANCING OPTIONS FOR PUBLIC UTILITIES IMPROVEMENTS**

City Manager Bechtel reminded that she made a presentation on the status of the City's water and sewer systems at the City Council Workshop on June 13, 2016. The report was a snapshot of the status of the water and sewer systems with the information available at this time. The intent of sharing this information is to compile a long-term strategy for maintenance, repair and replacing the water and sewer systems as well as identifying funding sources. An estimated \$98 million is needed for maintenance, repair and replacing the systems at this time.

Bechtel disseminated five (5) spreadsheets illustrating the various funding sources to finance the proposed improvements including percentage rate increases and/or meter fees which are attached to these minutes.

**ESTIMATED EXPENDITURES**

<b>Purchases &amp; Grant Match</b>	
Water Modeling Study	\$10,000
Sewer Treatment Plant Study	100,000
Equipment	160,000
Telemetry	85,000
CDAP Grant Match	
<b>Opdyke Tower Pit</b>	<b>80,693</b>
<b>Opdyke Tower Maintenance</b>	<b>600,000</b>
<b>Eagle Court Tower Maintenance</b>	<b>500,000</b>
<b>L &amp; N Tower Maintenance</b>	<b>450,000</b>
<b># 14 Lift Station</b>	<b>2,000,000</b>
<b>Force Mains # 16</b>	<b>1,800,000</b>
<b>Force main # 1 Maple</b>	<b>1,500,000</b>
<b>Force main # 7 Wagner</b>	<b>200,000</b>
<b>Cast Iron Water Main 50%</b>	
514,272 LF @\$95. LF	48,855,840
<b>Water Meters Replacement .5%</b>	<b>445,140</b>
<b>Sewer Mains</b>	
24.82 miles replacement 20%	19,017,504
57.96 miles relining 25%	13,771,296
<b>Manholes</b>	<b>5,000,000</b>
<b>Treatment Plant Maintenance</b>	<b>449,800</b>
Water Tower Inspection	14,000
Consolidation of facilities	400,000
Utility Trucks	60,000
Sewer System Assessment	1,967,328
<b>Total Cost of Improvements</b>	<b>\$97,466,601</b>

Council Member McEnaney expressed his concern about the amount of money proposed to be spent to replace cast iron water mains.

**Debt Service Requirements — Various Scenarios**

Amount Borrowed	Interest Rate	Term of loan	Annual Debt Service	Rate Increase
\$ 98,000,000	1.86%	20 yrs.	\$ 5,912,690	100%
\$ 98,000,000	1.86%	40 yrs.	\$ 3,495,089	60%
\$ 98,000,000	4.00%	20 yrs.	\$ 7,211,011	120%
\$ 98,000,000	4.00%	40 yrs.	\$ 4,951,302	85%

**Summary of Revenue Options**

	\$10 Meter Fee	5% Rate Increase & \$10 Meter Fee	\$15 Meter Fee	\$20 Meter Fee	7.5% Rate Increase
YEAR 1	\$ 815,160	\$ 1,115,098	\$ 1,222,740	\$ 1,630,320	\$ 449,907
YEAR 2	\$ 815,160	\$ 1,430,033	\$ 1,222,740	\$ 1,630,320	\$ 933,558
YEAR 3	\$ 815,160	\$ 1,760,715	\$ 1,222,740	\$ 1,630,320	\$ 1,453,482
YEAR 4	\$ 815,160	\$ 2,107,931	\$ 1,222,740	\$ 1,630,320	\$ 2,012,400
YEAR 5	\$ 815,160	\$ 2,472,508	\$ 1,222,740	\$ 1,630,320	\$ 2,613,237
YEAR 6	\$ 815,160	\$ 2,855,313	\$ 1,222,740	\$ 1,630,320	\$ 3,259,137
YEAR 7	\$ 815,160	\$ 3,257,259	\$ 1,222,740	\$ 1,630,320	\$ 3,953,480
YEAR 8	\$ 815,160	\$ 3,679,302	\$ 1,222,740	\$ 1,630,320	\$ 4,699,898
YEAR 9	\$ 815,160	\$ 4,122,447	\$ 1,222,740	\$ 1,630,320	\$ 5,502,298
YEAR 10	\$ 815,160	\$ 4,587,750	\$ 1,222,740	\$ 1,630,320	\$ 6,364,877
TEN YEAR TOTAL	\$ 8,151,600	\$ 27,388,357	\$ 12,227,400	\$ 16,303,200	\$ 31,242,274

After initial discussion, Council indicated they favor a 5% rate increase with a \$10-meter fee. Council wants an Engineering Report to prioritize improvements needed, including addressing the water loss and the most critical aspects of the system that need to be addressed. Residents will be invited to attend public meetings and workshops and encouraged to give input in the long-term strategy to be adopted by the Council.

**A City Council Workshop will be held on Monday, July 25, 2016 at 4:00 p.m. at City Hall to discuss spending the remaining \$5 million from the 2012 bonds. Another Workshop will be held on Thursday, August 11, 2016 at 4:00 p.m. at City Hall to discuss the financial modeling to be used in the upgrade of the water and sewer systems.**

**EXECUTIVE SESSION**

No Executive Session was held.

**ADJOURNMENT**

**Council Member Piper made a motion to adjourn. The motion was seconded by Council Member Moore. Yeas: May, McEnaney, Moore, Piper and Chesley.**

The Workshop Meeting adjourned at 5:05 p.m.

Respectfully submitted,

Jerilee Hopkins  
City Clerk







**\$15/mo. METER FEE**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Totals
<b>\$15.00/mo. meter charge</b>	1,222,740	1,222,740	1,222,740	1,222,740	1,222,740	1,222,740	1,222,740	1,222,740	1,222,740	1,222,740	12,227,400
<b>Revenue</b>	1,222,740	1,222,740	1,222,740	1,222,740	1,222,740	1,222,740	1,222,740	1,222,740	1,222,740	1,222,740	12,227,400
Purchases & Grant Match											
Water Modeling Study	10,000										10,000
Sewer Treatment Plant Study	100,000										100,000
Equipment	160,000				50,000						210,000
Telemetry	85,000				10,000						95,000
CDAP Grant Match		150,000		150,000		150,000				150,000	750,000
<b>Long Term Financing \$7,130,693 @ 1.86% 20 Yrs.</b>											
IEPA LOAN											
Opdyke Tower Pit	80,693										
Opdyke Tower Maintenance	600,000										
Eagle Court Tower Maintenance	500,000										
L & N Tower Maintenance	450,000										
# 14 Lift Station	2,000,000										
Force Mains # 14	1,800,000										
Force main # 1 (Maple)	1,500,000										
Force main # 7 Wagner	200,000										
Payment on Financing	427,224	427,224	427,224	427,224	427,224	427,224	427,224	427,224	427,224	427,224	4,272,240
Remaining Annual Revenue	440,516	645,516	795,516	645,516	735,516	645,516	795,516	645,516	795,516	645,516	
<b>Cast Iron Water Main 50%</b>											
514,272 LF @595. LF	48,855,840	322,758	377,870	306,620	349,370	306,620	377,870	306,620	377,870	306,620	3,252,477
<b>Water Meters .5%</b>											
	445,140	32,276	39,776	32,276	36,776	32,276	39,776	32,276	39,776	32,276	339,508
<b>Sewer Mains</b>											
24.82 miles replacement 20%	19,017,504	161,379	198,879	161,379	183,879	161,379	198,879	161,379	198,879	161,379	1,675,514
57.96 miles relining 25%	13,771,296	129,103	159,103	129,103	147,103	129,103	159,103	129,103	159,103	129,103	1,380,058
<b>Manholes ***</b>											
	5,000,000	0	19,888	16,138	18,388	16,138	19,888	16,138	19,888	16,138	142,603
<b>Treatment Plant Maintenance</b>											
	449,800	0	0	0	0	0	0	0	0	0	
<b>REMAINING REVENUE</b>											
Water Tower Inspection	0	0	0	0	0	0	0	0	0	0	
Consolidation of facilities	14,000										
Utility Trucks	400,000										
Sewer System Assessment	60,000										
<b>TOTALS</b>	1,967,328										
	97,466,601										12,227,400
Monthly Rate Increase on MINIMUM Rate	37.37	37.37	37.37	37.37	37.37	37.37	37.37	37.37	37.37	37.37	
Annual Rate	448.44	448.44	448.44	448.44	448.44	448.44	448.44	448.44	448.44	448.44	
Does not include increase for operations or trash rates											

**\$20/mo. METER CHARGE**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Totals
<b>20% Annual Rate Increase</b>											
Revenue from Rate increase	1,199,752	1,439,703	1,727,643	2,073,172	2,487,807	2,985,368	3,582,442	4,298,930	5,158,716	6,190,460	31,143,993
<b>Purchases &amp; Grant Match</b>											
Expenses											
Water Modeling Study	10,000										10,000
Sewer Treatment Plant Study	100,000										100,000
Equipment	160,000				50,000						210,000
Telemetry	85,000				10,000						95,000
CDAP Grant Match		150,000		150,000		150,000		150,000		150,000	750,000
											0
											0
<b>Long Term Financing \$7,130,693 @1.86%/ 20 Yrs. IEPA Loan</b>											
Opdyke Tower Pit											80,693
Opdyke Tower Maintenance											600,000
Eagle Court Tower Maintenance											500,000
L & N Tower Maintenance											450,000
											0
# 14 Lift Station											2,000,000
											0
Force Mains # 16											1,800,000
Force main # 1 (Maple)											1,500,000
Force main # 7 Wagner											200,000
Payment on Financing	427,224	427,224	427,224	427,224	427,224	427,224	427,224	427,224	427,224	427,224	4,272,240
	417,528	862,479	1,300,419	1,495,948	2,000,583	2,408,144	3,155,218	3,721,706	4,731,492	5,613,236	0
<b>Remaining Annual Revenue</b>											
Cast Iron Water Main 50%											0
514,272 LF @595. LF	208,764	431,240	650,210	747,974	1,000,292	1,204,072	1,577,609	1,860,853	2,365,746	2,806,618	12,853,377
	48,855,840										0
<b>Water Meters Replacement .5%</b>											
	20,876	43,124	65,021	74,797	100,029	120,407	157,761	186,085	236,575	280,662	1,285,338
											0
<b>Sewer Mains</b>											
24.82 miles replacement 20%	83,506	172,496	260,084	224,392	300,087	361,222	473,283	558,256	709,724	841,985	3,985,034
57.96 miles relining 25%	104,382	215,620	325,105	373,987	500,146	602,036	788,805	930,427	1,182,873	1,403,309	6,426,688
	0			74,797	100,029	120,407	157,761	186,085	236,575	280,662	1,156,316
<b>Manholes</b>											
											0
<b>Treatment Plant Maintenance</b>											
	0										0
<b>REMAINING REVENUE</b>											
Water Tower Inspection											0
Consolidation of facilities											0
Utility Trucks											0
Sewer System Assessment											0
<b>Total Cost of Improvements</b>											31,143,993
Monthly rate increase	26.72	32.07	38.48	48.18	55.41	66.50	79.80	95.76	114.91	137.89	
Annual Rates	320.64	384.84	461.76	578.16	664.92	798.00	957.60	1,149.12	1,378.92	1,654.68	
Does not include any operations increase or trash rates											