

Minutes of the Public Works and Public Utilities Committee for Monday, June 1, 2009.

The meeting was called to order by Alderman Simmons at 7:00 p.m. Present were Mayor Grenke, Aldermen Orsini, Bormann, and Parmeley. Also attending were Lynn Behrns, Mike Forsee, Mark Mustain, Phil Hoffman, and James Smith.

Those in attendance participated in the Pledge of Allegiance.

Electric Department

Committee reviewed the activity report and future work schedule for the Electric Department.

Mustain told Simmons that he had received no comments after putting higher wattage fixtures in the street lights on Gano Chance Drive at Central Street and at Allen Street. He said he will try to drive the road after dark to make his own assessment. Mayor Grenke said that he would do the same.

Behrns reported that solicitations for bids on three of the main components for the new Wilson Street Substation have been mailed and advertised. Bids will be opened on June 25. Identifying the brands and physical details of the selected equipment will allow the engineers to then design the switch building and site layout. Delivery of the components may take up to eleven months. This gives ample time to design and bid the express circuit lines that will connect the new and present substations and to work out the connection to AMEREN distribution lines. The costs of the components will be a large expense—perhaps as much as \$800,000 total.

With the bidding under way and long-term interest rates edging up, Behrns will start the legal work necessary to set the lease-purchase loan for the total project. Ordinances may be available for a recessed meeting in June or the regular July meeting.

The Prairie State Power Plant Project is progressing at or better than budgeted and scheduled. The first plant may be running by June of 2011. The second plant could follow by the second quarter of 2012. As a part of getting the plans in service, there may be revenues from “test energy” which the City could accrue. Between June and December 31, 2011, the City will still be under the current wholesale contract. MPUA or some other entity will sale Centralia’s 1 megawatt into the market. The sale should always cover our expenses for production and debt service and (at least in the summer months) should yield a good profit. The second megawatt will be available only after a new overall contract is in place. Such a contract will have the vender supplying the extra megawatt until the second Prairie State plant is generating. The City does not want to be left buying power at the “market” rate, even in the winter.

Behrns reported that AEM had contacted the five cities which were former UE wholesale power customers. Although only a few weeks ago AEM and AMEREN/UE had been unwilling to consider a contract for a period beyond the end of 2011, the market has stabilized a bit—but not a lot—and AEM has brought forward a proposal for a three-year contract for 2012-2014. The contract would have a generally-fixed price for energy, but would allow modifications for uncontrollable factors, such as new state or federal regulations (i.e. carbon taxes, renewables mandates, or even lower limits on mercury or other pollutants), or if the market cost of fuel were to change dramatically. These factors are those which hinder any supplier from wanting to lock in a price for any lengthy future period. The base price for energy in the proposal is higher than the \$66.00 per megawatt hour in our present contract, but represents an average annual inflation factor of only about 1.5%. The current contract also has a price of \$2.00 per megawatt hour for part of the rainbow of MISO transmission and load control charges. (The City also pays additional charges to AMEREN/UE for line losses, bringing current the last few miles on its “distribution” system, and yet other MISO charges that vary

from day to day as a proportional share of AMEREN/UE's total system expense for transmission.) At the moment, we would expect that this "Market Related RTO Charges Adder" would remain in the neighborhood of \$2.00 and be reset only once each year. However, the City could elect to become its own Market Participant and avoid the charge. (This requires much more staffing and overhead expense than could possibly be saved and is not a serious alternative in the present environment.)

Committee discussed the proposal for some time. Simmons said that she did not find that it "fixed" very much of the future energy costs. Orsini agreed and said that Centralia might be better served by waiting for market conditions to jell in a year and a half or so. She also was not happy that such a contract would delay our opportunity to added renewal power sources to the mix. Behrns said that was so, unless higher government added renewal portfolio standards for everyone. He asked the Committee to consider what their appetite for risk might be. The contract would remove two unknowns: identifying a certain power supplier with the interest and ability to incorporate the Prairie State supply into the total package, and also locking in a low imputed inflation rate for the energy costs for the next three years. All of the other factors are variables, and Behrns thought that no one has any real grasp on them. The AEM proposal addresses this only by setting up a framework for incorporating the variables as they settle out. Absent the variables (particularly regulatory mandates), Behrns said that the proposal, blended with the Prairie State energy, would yield a lower total cost than that the City is now pay. He estimated a charge of about \$63.00-\$63.70, compared to the \$68.00 present charge. (This is based on the present goal of \$45.00 Prairie State power, although there is uncertainty in that cost until the plant is online. The percentage of time a new plant runs during its first year is itself a variable. This may be from 80% to 90% of total time and bring about up to a \$1.40 range to the blended cost.) Behrns said that the AEM proposal will not be offered indefinitely. The rate could stand if the cities are about to sign contracts in the next two months. Longer, and the quote would be recalculated and likely be higher (oil is projected to head up and natural gas has pretty much bottomed out.) Behrns said that the contract makes sense only if we act in concert with Hannibal. Their Board of Public Utilities is looking at it now. The Committee wanted time to reflect. Behrns said that to proceed, the first step would be for the cities to engage Spiegel and McDiarmid to help pin down a full, detailed contract. He will prepare an ordinance to allow this in the event that the Board wishes to hold open negotiations.

Mustain reported on proposals he had solicited concerning maintenance of the three emergency generators the City owns. (Two provide backup power to sewer lift stations; the third is an emergency supply for City Hall and the dispatch center.) While City crews can change oil and other simple maintenance, staff is suggesting the value of full regular maintenance and loadbanking for these critical parts of our infrastructure. Mustain described three proposals from Cummins Mid-South and one from Generator Services, Inc. He recommended the "Proposal #3" from Cummins. It has the annual full service and two-hour loadbanking on each piece of equipment, but at a lower price than Generator Services. Committee agreed. Approval of the service will be scheduled for the regular Board agenda.

Water and Sewer Department

Committee reviewed the activity report and future work schedule for the Water and Sewer Department. Forsee explained work done on the sewer main behind the Redwood Motel included removal of a screwdriver and correction of an offset at a clean-out. More work remains when the ground is drier. The crew did raise the top of the manhole near the north end of Tidball Trailer Court. There has not been a heavy enough rainfall to test the effect of this change. Forsee has noticed a suck hole nearby which needs investigation. He did not know if it would be the City's problem or the property owner's.

Staff has examined the proposals from three firms which responded to the City's request for proposals and qualifications for engineering services related to bidding out repairs to the one-block section of sewer main in Lakeview Street, between Kellogg and Jefferson. Based on the criteria set out in the RFQ, Behrns said he is

recommending the work be awarded to MECO Engineering from Hannibal. Shafer, Klein, & Warren from Macon were a close second. Pursuant to the new state law, Behrns will negotiate with MECO for a contract. If this does not work out, he would go to SKW. Although not part of the selection criteria, both firms gave similar estimates of cost. MECO indicated the ability to have bid documents on the street in less than two weeks after contract signing. This would allow the project to be completed before the start of school (a recessed meeting in July may be necessary.) Behrns expects to have an ordinance ready for the regular Board meeting to hire the engineer. He also noted that SKW's proposal had expressed the possibility for a design-build contract. This would likely have a quicker project completion date. Forsee noted that design-build contracts are becoming more common (though they involve a negotiated project price). The Committee told Behrns that they were open to considering such contracts and he could discuss this with MECO.

Forsee said that Insituform should start work on slip lining the sewer main on Green Street about July 1.

Behrns mentioned receiving two damage claims. One involved a blockage to the sewer main at the north end of Eastmont. It was only partially plugged, so operations at the Vo-Ag Building continued, but water backed into the basement of 902 Eastmont while the residents was not home to discover it. The other claim involved a school girl who stepped into an open meter jar adjacent to the sidewalk on Rodemyre. SRO Fair responded, as did Forsee. They found that the meter lid was absent, likely shattered by a riding lawn mower, since the jar had jagged edges and the lawn had recently been mown. Our insurance company had been notified of both instances.

Forsee reported on the investigation of Well No. 3 by Flynn Drilling. Flynn will present a report on Tuesday. He is expected to tell us that the old well is worth refurbishing. The shaft is about 12" diameter at the top, but narrows to 10" or less toward the bottom. Also, debris has filled the bottom 30+ feet. Extended pump testing shows that the well produces at 700 gallon per minute. Full rehabilitation would involve enlarging the shaft and cleaning out the debris. If the drilling rig is to be set up, Forsee said we might as well an additional 50 feet and extend the well into another aquifer layer. Committee agreed. This should increase the yield beyond the desired 800 g.p.m.–perhaps up to the 1,000+ g.p.m. of Well #6. Behrns will contact Burns and McDonnell and work out a contract for examining rehabilitation alternatives and bidding out the selected repairs, to include a new, larger pump, new controls, increased power, and rebuilding the well house (which seems to have an adequate concrete base and steel frame which can be reused). An ordinance for an engineering contract should be available for the regular Board agenda

Street and Sanitation Department

Committee reviewed the activity report and future work schedule for the Street and Sanitation Department.

Behrns reminded the Committee that he had distributed suggestions for possible street overlays from Hoffman and himself. Because oil prices are starting to climb, he would like to go out for bids next month. He asked the committee members to review the lists, add any other streets they thought important, and pare the list to ten streets. He will consolidate all of the submissions to a final list and ask the aldermen to rank them in priority order. He will cut that list down to a set which can be handled for about \$85,000. This is sustainable for the year and allows a small buffer in case quantity estimates are off. He asked that they bring the lists of ten to the General Government and Public Safety Committee meeting.

Behrns said Columbia is looking at the rate charge for sanitation tipping fees at its landfill. The present rate has been \$32.50 for many years. Any increase would likely take effect October 1.

Committee discussed the draft of the policy resolution for addition or replacement of culverts and stormsewers for individual citizens. Committee members said they believed that the effect would not be

detrimental to progress, but would help Centralia recoup a few of the expenses in a time of tight budgets. They suggested no further changes to the draft and directed that the resolution be on the agenda of the next regular Board meeting.

Other

Behrns reported on final approval by the Public Service Commission of the third amendment to the territorial agreement between the City and Public Water Supply District Number 10. He expects an invoice to be received soon for the fees of Jim Ausmus, attorney for the District, and for the agreed upon \$14,500. City Attorney Beck will also submit a bill for the extra-curricular work: and it must be approved by ordinance at the next Board meeting.

Hoffman was asked to clean out a ditch on Rollins Street. He said he will get it when the ground dries out a bit. Hoffman will also see to the repair of holes left in the cemetery by the helicopter which was part of the Memorial Day ceremony.

Parmeley asked that staff look again at the possibility of allowing parking only on the east side of Denton Street. The residents are also complaining about speeders there.

Committee members noted bundles of railroad ties stacked on COLT right-of-way. They will be doing work soon, which Behrns thought fortunate. The replacements will be done before construction of the sidewalk. Behrns will be meeting Friday with a MoDOT representative to deal with grant requirements.

There were no further items to be presented, and the meeting adjourned at about 8:35 p.m.