

**MINUTES**  
**February 8, 2011**  
**Public Utilities Committee**  
**City of Batavia**

PLEASE NOTE: These minutes are not a word-for-word transcription of the statements made at the meeting, nor intended to be a comprehensive review of all discussions. Minutes are intended to make an official record of the actions taken by the Committee/City Council, and to include some description of discussion points as understood by the minute-taker. Any references to discussion and/or statements are only to provide greater clarity to the public and they may not reference all, some, or any of an individual speaker's comments.

Chairman Frydendall called the meeting to order at 7:30 p.m.

**1. Roll Call**

**Members Present:** Aldermen Clark, Frydendall, Jungels, Volk, and Wolff  
**Members Absent:** Aldermen Brown and O'Brien  
**Also Present:** Alderman Dietz; Steve Allen, Senior Project Engineer; Gary Holm, Public Works Director; Steve Lusted, Manager of Electric Operations; William McGrath, City Administrator; Byron Ritchason, WWTP Superintendent; Bob Rogde, Electric Superintendent; and Connie Rizo, Recording Secretary

**2. Approve Minutes for January 12, 2011**

**Motion:** To approve the Public Utilities Committee meeting minutes of January 12, 2011.  
**Maker:** Volk  
**Second:** Jungels  
**Voice vote:** 5 Ayes, 0 Nay, Motion Carried.

**3. Items Removed/Added/Changed**

None.

**4. Resolution 11-19-R: Award of Engineering Services Contract to Walter E. Deuchler Associates, Inc. for the Carriage Crest Lift Station Project (Gary Holm 2/3/11)**

Gary Holm explained the City received recovery bond funds for the Carriage Crest Lift Station project. The City did go out for qualifications for engineers to five local firms and gave them a broad scope as part of the RFQ process. There was review of the qualifications submitted and it was determined that Deuchler had the most relevant experience for this project. At that time, Deuchler representatives were brought in and there was discussion about refining the scope of work. Holm

advised the City is still considering two types of stations: 1) a traditional submersible pump, and 2) a suction-type self-priming station. Holm pointed out the staff is recommending going forward with a preliminary phase where issues will be examined related to both types of stations and then whatever work is done with the chosen type that would carry forward to the next step.

Ald. Volk inquired whether both designs would get rid of the confined space at the station. Byron Ritchason advised the current station is a “canned” station and is about 19 feet below grade. Ritchason confirmed both new types being considered are designed to get rid of the confined space.

Chairman Frydendall inquired if the old station would be kept in service while the new one is being built. Holm replied that issue would be part of the analysis. Ritchason pointed out modifications would be needed for either style chosen, so it would need to be researched further to determine the best alternative for the price to be paid.

Ald. Dietz inquired if there was any engineering left from the original installation or would this lift station be made completely new from scratch. Ritchason advised old plans have been submitted to the engineers for the station and that possibly the existing wet well could be reused.

**Motion:** To recommend to City Council approval of Resolution 11-19-R awarding engineering services contract to Walter E. Deuchler Associates, Inc., for the Carriage Crest Lift Station Project in an amount not to exceed \$13,500.

**Maker:** Volk

**Second:** Wolff

**Voice vote:** 5 Ayes, 0 Nays, Motion Carried.

## **CONSENT AGENDA**

### **5. Natural Gas Update – Information Only (Gary Holm 2/3/11)**

Holm advised that back in 2007 when the economy was different the City entered into a 1-year fixed price natural gas supply contract with the option for two one-year extensions and the cycle ended at the end of 2010. Holm pointed out that the world of natural gas is completely different today compared to what it was in 2007. Holm stated the natural gas market has bottomed out and is very low with new technologies like “fracking”. Holm explained that for 2010 there does not seem to be anything on the immediate horizon that would cause the natural gas markets to suddenly sky rocket, but could change with potential catastrophic weather events.

Holm relayed that the best time to get back into a fixed contract is in the spring. Holm conveyed if he were to make a recommendation today it would likely be to follow the same model as is used with electric contracts and that would be some portion fixed and some remaining on the market.

Ald. Wolff stated if the market is low, and in order to provide stability moving forward, the City should try to contract for a few years without paying too high of a fee to go along with it. Holm agreed that could be an option.

Ald. Jungels inquired as to the cost associated with going into a fixed price contract. Holm stated there is a premium, but did not know the exact cost. Ritchason stated he does have the information, but did not bring it to this meeting. Holm stated he would follow up with information to Ald. Jungels. Ald. Frydendall inquired if the last cycle the City bought the natural gas for was less than the market had it. Holm replied that was not the case. Holm explained in October 2007 the City entered into a 3-year agreement and for the last year the City was above market costs. Ald. Volk stated he would like to see what the City pays per month and the premiums. Holm stated he could come back to the Committee with the figures requested after getting more information from Proliance.

#### **6. Rubicon Final Cost Report (Steve Allen 2/8/11)**

Steven Allen advised all the work was completed for Rubicon without any safety incidents. Allen stated the dollar amount was about 5% over the estimate, but the City worked well within its contingency. Allen commented that the project included installation of a lot of apparatus. Allen relayed that Rubicon has paid the full amount due as of 1/10/11. Allen pointed out the City has made an agreement with Rubicon as they would be taking service on four future transformers and one would be by the end of February.

Allen stated there were two milestones agreed to in the services agreement with Rubicon, which was to give them 25 megawatts of power on 8/9/10 and the other to provide the second 35kV line from the south along with the full transfer of automation by 10/25/10. Allen briefly spoke of some outage, phase shift, and furnace issues that all seemed to have been worked through.

#### **7. NIMPA Strategic Planning Discussion (Gary Holm 1/31/11)**

Gary Holm explained there would be a NIMPA meeting on 2/9/11. Holm reviewed the potential discussion topics on NIMPA's behalf and also on behalf of Batavia Electric's for a strategic planning discussion (refer to Holm memo of 1/31/11).

Relative to the first question on behalf of Batavia Electric regarding Prairie State, Chairman Frydendall stated Batavia needed a little more time to figure out how

fast recovery might be or if Batavia is fortunate enough to put more load on and how that will affect Batavia.

Holm pointed out that IMPA's new direction now is pushing energy conservation rather than ownership and new generation facilities, which is a new shift in their latest strategic plan.

Ald. Volk spoke in favor of being more flexible in the way Batavia Electric deals with new customers. Chairman Frydendall stated economic development should be a function of the electric department as well as the municipality. Holm commented how the City has plans in 2011 to conduct luncheons with industrial brokers to discuss the virtues of Batavia's utilities and the ability to uniquely provide services. Ald. Volk commented that Batavia Electric should look to diversify its portfolio in terms of power. Holm relayed the next few years should prove to have interesting legislation forthcoming from the government that may impact the utilities.

Bob Rogde raised the issue that there are quite a few products the industrial customers would like Batavia to have that it has not had a chance to provide yet. Rogde stated some issues do demand response and Batavia should work to have products available. Ald. Volk inquired if there was a desire in the business community for more smart metering and feedbacks. Rogde confirmed there is such a desire. Ald. Volk stated the utility should look into expanding the fiber optic service into the industrial parks. Ald. Volk also encouraged work on conservation.

The aldermen were in favor of the discussions topics presented in Holm's 1/31/11 memo.

Rogde pointed out that NIMPA is a project based agency where the members choose to participate or not, which gives a lot of flexibility as well as responsibility. Ald. Dietz inquired if there were any projects now that are looking for subscribers at the present time. Holm stated there is a hydro electric plant project near the Indiana border, but Batavia has not been actively pursued by projects. Ald. Wolff and Holm pointed out how legislation plays a part in projects. Bill McGrath commented he did not know how Batavia could in good faith look to invest any funds in new projects until Prairie State is online and the cost is known. McGrath stated before NIMPA strategic planning can occur the City Council should be firmly on track with the future of the electric utility. Ald. Dietz spoke in favor of having all three communities having a joint meeting so everyone would hear the same discussion at the same time. Chairman Frydendall stated it would take the approval of all three City Councils before it would be effective in NIMPA.

Holm stated the upcoming retreat would have a set agenda once the communities provide their input. Holm stated he would raise the issue of having a joint meeting with the other communities at the meeting with NIMPA on 2/9/11.

**8. Executive Session:  
Discussion of Sale and Delivery of Electric Power  
Litigation**

**Motion:** To adjourn to Executive Session for the purposes of discussion of sale and delivery of electric power and litigation.  
**Maker:** Wolff  
**Second:** Clark  
**Voice Vote:** 4 Ayes, 1 Nay, Motion Carried

The meeting was adjourned to Executive Session at 8:35 p.m. and when Regular Session resumed at 9:32 p.m. all the same Committee members were present.

**9. Resolution 11-17-R: Authorizing Agreement between Batavia Electric and Reliability First Corporation (Steve Allen 2/8/11)**

**Motion:** To recommend to City Council approval of Resolution 11-17-R authorizing agreement between Batavia Electric and Reliability First Corporation.  
**Maker:** Volk  
**Second:** Wolff  
**Voice vote:** 5 Ayes, 0 Nays, Motion Carried.

**CONSENT AGENDA**

**10. Other**

Bob Rogde provided graphs depicting Batavia Monthly MWH, Batavia 2010 Monthly MWH Projected vs. Actual, and Batavia 2011 Monthly MWH Projected vs. Actual (refer to documents). Ald. Volk inquired if Rubicon's data was part of these graphs. Rogde confirmed Rubicon was included.

**11. Adjournment**

A motion was made by Ald. Volk and seconded by Ald. Clark to adjourn the meeting at 9:36 p.m. All were in favor and the motion was carried.

Minutes prepared by  
Connie Rizo