

TOWN OF ADVANCE

REGULAR MEETING – MINUTES

LOCATION: ADVANCE FIRE DEPARTMENT

SEPTEMBER 12, 2016 7:00 PM

112 N. Main – P. O. Box 67 Advance, IN 46102

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Council Members: Matt Johnson (President), Melody Fry, Dale Thompson, and Jim Caldwell

Clerk Treasurer – Shari Johnson

Superintendent: Nathan Reed

Marshall: Ray Hieston

Attendees:

Council Members: Matt Johnson, President, Melody Fry, Dale Thompson, and Jim Caldwell

Clerk-Treasurer: Shari Johnson

Town Marshall: Ray Hieston

Town Employees: Nathan Reed and Chris Shelton

Legal Counsel: Amy Nooning

Others Present:

David Gregory, Curtis Clanton, Tammy Clanton, Michelle Reed and Keith Cromwell

**President Johnson called the meeting to order at 19:05.**

### **Pledge of Allegiance**

President Johnson read Rules of Order/conduct for meetings, and the rules will be read before every meeting until the Council is out of office. No one shall speak unless recognized by the Council President. The speaker shall stand and state their name and address before stating their purpose. The speaker shall stay on the topic of discussion and shall not introduce a new matter of discussion. No profanity or vulgarity will be allowed while the Council is in session. Those allowed to speak, will be permitted to speak 3 minutes the first time, 2 minutes the second time and 1 minute the last on the current subject. The Council by statute has formal authority on all matters for the session and shall conduct the meetings to maintain order.

### **President Johnson introduced CPA, Pat Callahan to discuss the Rate Study**

Mr. Callahan thanked Clerk-Treasurer Johnson's efforts.

Mr. Callahan stated this Rate Study was difficult to compile due to records. He explained the calendar year of 2015 was used. Revenues and expenses are gone through and made adjustments because sometimes the books were wrong to try and forecast expenses will be.

The Water Utility was the first addressed. Mr. Callahan stated as a Rate Consultant, he can advise the Council by statute what can be included in the Rates and what can be charged to the

customers, and it doesn't mean the Council has to accept it, and the Council makes the final decision.

Mr. Callahan stated the year 2013 there was a large deficiency or difference and a large part of that was because payroll wasn't recorded. The way the report was structured was similar to the Regulatory Commission in how it is laid out. The bottom line on the net receipts, cash in and cash out, and it was not good because more money was spent than receipts brought in and that isn't good.

Mr. Callahan stated a recap of cash since 2013 was listed and the Water Utility is in the negative. The expenses taken out of water were power, chemicals, payroll and insurance, URT, and one loan on the Water Tower. Depreciation needed to also be considered. Water taxes would need to be paid to the General Fund (payment in lieu of taxes or a cash return) and it is not being done now. Because cash has been in a working negative and significant, a working capital calculation, the Federal Energy Regulatory Commission (FERC), four to five would be needed to replenish debt.

Operation and maintenance expenses were discussed as well as the amortization schedule of the water tower.

Mr. Callahan stated that back taxes that were not paid were included in the Rate Study with a third taken out of water, sewer and electric.

Mr. Callahan also stated that for every \$6000 that is cut out of the budget, would increase the rates by 5.1%. This amount extended to a customer using 4000 gallons is roughly \$2.30. Councilman Caldwell interjected that what was spent in 2015 was less than what was spent in 2013 and 2014. Once financials are received for 2016, they need to be compared against prior years.

Also included in the report was tank painting and funds should be put back, as it needs to be painted every ten years.

Discussion occurred regarding the minimum water rate. The Ordinance written back in 2008 had a minimum water charge of \$39.00 and the system had only been charging \$26.80 for the minimum. This was discovered by Clerk-Treasurer Johnson earlier in the year. Councilman Caldwell stated applying the \$39.00 would assist in recovering funds.

Clerk-Treasurer Johnson stated if anyone needed copies of reports to let her know.

Wastewater was then addressed. In 2015, the revenues dropped considerably, approximately \$9000.00, which seemed like a lot for a small town whereas 2013 and 2014 were relatively consistent per Mr. Callahan. Municipal water can ask for depreciation at a small deposit rate. However, municipal wastewater cannot ask for depreciation and cannot use as a revenue requirement. Asset replacements of \$5000 would not be that much. The figures for the rate study are not reliable for wastewater and there was not much cushion. The Council may be walking on eggshells with the rate increase. The working capital was in a negative balance. The same as water; for every \$6000 that can be cut out of the budget, 5.1% reduction in the revenue increase or \$2.65 for every 4000 gallons to the customer.

Councilman Caldwell questioned with the 2016 budget, the rates might not need to be increased as they look right now. Mr. Callahan concurred. An increase might need to be done over several years. Discussion was held that the certified operator expenses could be removed.

Discussion was presented that the present rates for sewer are low compared to other communities with the current rates and Mr. Callahan said he would forward those figures to the Clerk-Treasurer.

Lastly, the Electric Utility was discussed. Mr. Callahan stated a 1000KW was an average used per household. Mr. Callahan explained that quarterly an IMPA tracker is calculated and

fluctuates. When the tracking factor goes down the rates goes down. When the 2016 financials are done, there would be more accurate figures to use. A slight increase was recommended.

The Town's electric bill to IMPA accounts for 75% of the electric expenses. The Town controls only 25% of other expenses such as salaries, insurance, taxes (payroll and URT). The cash did come down on electric as of June 2016. The last Rate Study recommended no increase. Councilman Caldwell stated there is no reserve if there is an emergency. Mr. Callahan also stated he accounted for a Bucket Truck. Additionally, there was a duplicate check as well as back taxes that needed to be taken into consideration.

Councilman Caldwell questioned the water rates, and Mr. Callahan stated that Towns were opting out of commissions. Clerk-Treasurer Johnson stated that she believed the Town opted out of the commission in 1983.

President Johnson thanked Mr. Callahan and Clerk-Treasurer Johnson for their efforts.

Mr. Callahan suggested the Council look at 6 months of current financial statements for firmer numbers.

President Johnson stated the Council will need to review the information and call a Special Rate Study Meeting to discuss. He also stated that a tough decision needs to be made by either raising rates or cutting costs. President Johnson would get with Clerk-Treasurer Johnson to set a meeting date. Mr. Callahan stated if any changes needed to be made, he could adjust figures.

**Jeff Wolfe, appraiser, did not attend meeting.**

**Meeting Minutes from September 12, 2016**

Councilwoman Fry made a motion to accept the Meeting Minutes from September 12, 2016. Councilman Thompson seconded. All in favor, motion passed.

## **Police**

Marshall Hieston stated for the month of August were two tickets were issued, seven verbal warnings. Police were assisted three time and fire once. Two meetings were attended. There was suspicious activity of one person and one vehicle. One business alarm was answered and assisted one accident. There was one report of vandalism, one arrest warrant issued, and three verbal warnings of Advance Code violation.

Marshall Hieston stated the radar was out in his car and he didn't feel comfortable issuing tickets because of accuracy. Purchasing a new radar would cost \$1995, and a refurbished radar would be \$1495 - with a one year warranty. President Johnson questioned how the radars were functioning in the other cars, and Marshall Hieston stated they were fine. He also stated he had always had issues with the radar in his vehicle.

Training was attended on Narcan and shots were donated by Witham Health Services.

Marshall Hieston stated he would be on vacation from the 15<sup>th</sup> – the 19<sup>th</sup> of the month and Reserve Bobby Taylor would cover those hours.

The Police Department went together with Jamestown to purchase Halloween Bags.

Councilman Thompson discussed junk vehicles and Marshall Hieston stated he would stay on that. Councilwoman Fry questioned where the Town was with the rat problem at 306 E. Wall St. Councilman Caldwell stated they were being poisoned that day. He also stated yards needed to be mowed and Clerk-

Treasurer stated paperwork on liens needed to be done.  
Councilman Caldwell stated the house was abandoned.

### **Clerk-Treasurer**

Clerk-Treasurer Johnson stated that the Fund Report was more reflective of where the Town was financially. State Board of Accounts advised that the Election Recount for the Southern District could take as long as the end of September to complete and budget needed to be completed; therefore, the negative payroll was distributed to General, Water, Sewer and Electric. State Board of Accounts was notified of the actions done to rectify the Fund Report and Todd Caldwell advised when the Town is audited if it is advised to adjust we will do that at that time.

The Appropriation Report is more accurate as well. Clerk-Treasurer Johnson stated funds were moved that could legally be done to give a more accurate picture of where the Town is financially.

Clerk-Treasurer Johnson stated she kept being advised to hold off on reconciliation until the negative payroll was resolved. She spent 2 ½ days on reconciling the first 6 months of the year to be able to complete the Budget. With the initiated Internal Control Standards, the Council will now sign off on reconciliations.

The pending IRS tax issue is moving forward. Clerk-Treasurer Johnson spent 1 ½ hours on the phone with an IRS representative and is finally making progress. She spoke with the local office for our area in Terre Haute and a Revenue Officer would be assigned to the Town and a packet was being sent to the Town of documents needed. Part of working with a Revenue Officer is the Clerk-Treasurer has to stay on top of all reporting and be compliant. Clerk-Treasurer Johnson stated that an April 941 withholding payment had been inadvertently missed, and as soon as the error was found, a payment was

made and a forgiveness letter written. Also, the agent recommended that the Town make volunteer payments to the IRS, such as a \$1000 a month, would put the Town in a good light. The packet of paperwork is due to the IRS by September 30, 2016.

Councilman Caldwell made a motion that Clerk-Treasurer Johnson submit a voluntary tax payment of \$1000 towards the Town's outstanding tax issue. Councilwoman Fry seconded. All in favor, motion passed.

Councilman Caldwell noted that the Clerk-Treasurer had a substantial stack of documents of all the issues that she has corrected since taking over the office.

President Johnson clarified for those at the meeting that the outstanding tax issue of \$85,000, of which \$33,000 was unpaid taxes.

Clerk-Treasurer Johnson stated this issue has been pending since she got in office. She explained that he representatives told her since the government freeze in October of 2015, coupled with many retiring, have placed the IRS with limited resources/employees.

Keystone is providing training in Nashville, IN on November 2<sup>nd</sup> and is a free training and will have a tax consultant speak. Year end procedures will be covered as well. The office will also be closed on October 25<sup>th</sup> and 26<sup>th</sup>. The Deputy Clerk will be on vacation and the Clerk-Treasurer will be attending ILMCT training in Rising Sun, IN.

Many complaints came into the Hall regarding utility bills. Clerk-Treasurer Johnson explained that this had been one of the most humid summers in a long time, and air conditioners ran non-stop for many days, attributing to higher than normal utility bills.

Clerk-Treasurer Johnson stated that when the utility Ordinance is re-written, Amy Nooning, Legal Counsel, will include that



when a resident moves from one house to another, in Town, if the prior utilities are not paid in full, then utilities at the new location could be shut off.

## **Utilities**

Mr. Reed stated that all three generators are in working order. A transfer switch for the Sewer Plant has something wrong. No parts are made for this anymore. To repair would cost \$3400. Mr. Reed said he would shop around for parts.

For the Water Utility, monthly bacteria samples were done. Utilities repaired a radio antenna that was struck by lightning, fixed a sump pump at water tower, under building and put a new one in and rebuilt a CL2 vacuum control.

Sewer Utility, the rotor bearings were serviced using grease to clean them out, waste sludge was done because in the fall a lot is wasted and due to the winter freeze it cannot recover as fast. Night lights were repaired. The lift pump at the sewer plant was unclogged, issues with sewer rats. At the 75 South lift station down by Wells a starter solenoid was replaced.

Electric Utility, trees were trimmed at 311 W. Wall Street. At 214 N. Main Street a utility pole was moved for the S.R. 75 INDOT project. Mr. Reed questioned how hours and materials for the job were to be recorded to INDOT, and where to send that information. President Johnson advised to submit after each project was done.

Transformer connections were checked at 208 N. Main Street. Three Lightning arresters were changed at South, Cherry and Walnut Streets. When they get hit by lightning, the arresters take the surge before it hits the transformers.

Councilman Caldwell questioned what was happening at the main sewer plant. Mr. Reed advised that something is happening to the switch and then it cuts out totally.

President Johnson stated to do some research because the Town doesn't want to linger on with the issue regarding the switch and to exhaust all possibilities and may need to have Adams Electric come and check it out.

Also, President Johnson questioned how many electric meters were left. Mr. Reed stated approximately 46 meters were left and they were on back order status and he had called them.

Clerk-Treasurer Johnson wanted to make the Council aware of an issue with 327 W. Wall Street and the customer complained that the electric charges jumped. Mr. Reed stated that two meters were placed on the house, and they monitored the consumption for a week. Both meters read the same. The Town has exhausted all possibilities and a call was put into IMPA to see if they could find any issues.

## **Park**

No one in attendance from Park.

Councilman Caldwell stated he obtained paperwork from the APC and there was no charge for the permit. A list of building materials was needed to match recommendations to the plan. The APC wants to review the permit. As soon as the permit is cleared, then the Town can purchase the materials and contact the church for construction. President Johnson stated the materials charge was \$4252 and that was just to have the building dried in. One thing that President Johnson did not see and he needed to call Gene Henry regarding, each short side needs vinyl siding to go above block material to keep building dried in. President Johnson stated this was an area that he believed was cited by the APC. Legal Counsel agreed.

Last month \$5000 was approved for funds for the park restroom.

## **Fire**

Tony Petro read the fire report. In the month of August, there were 9 Emergency Medicals, 2 Fires, 3 MVAs, 1 Weather Tornado assist, 1 Fire Alarm, and 1 Medical Alarm.

Councilman Caldwell questioned who received the Leadership Award at the last Fire Meeting, and Mr. Petro stated he did.

President Johnson stated that the Advance Labor Day Festival went well.

## **Claims**

Councilman Caldwell made a motion to accept the claims docket. Councilman Thompson seconded. All in favor, motion passed.

## **OLD BUSINESS**

Councilman Thompson received an electronic version of the Town Handbook and it was under review.

## **NEW BUSINESS**

Councilwoman Fry made a motion to accept the contract from UMAC. Councilman Thompson seconded. All in favor, motion passed.

Clerk-Treasurer Johnson opened the Hearing of the Town Budget. She advised that all information is public record, and if anyone was interested in the information she would print forms, or they could go online to DLGF.

President Johnson read the PURPA agreement from IMPA.

Legal Counsel, Amy Nooning, read clarification of the agreement.

Councilwoman Fry made a motion to accept the adoption of PURPA from IMPA and authorize President Johnson to sign. Councilman Thompson seconded. All in favor, motion passed.

Clerk-Treasurer Johnson stated that vehicles were being parked on the Town lot and it posed a problem because it hindered the Utility Superintendents could not reach transformers and created issues when plowing would need to be done.

Discussion ensued about placing a No Parking (unauthorized) sign and parking could only be in designated areas. It was determined the Marshall would request vehicles be moved.

Councilman Caldwell made a motion for approval for an exterminator at 306 E. Wall St. for \$160.00. Councilwoman Fry seconded. All in favor, motion passed.

Councilman Caldwell questioned if a lien could be placed for extermination. Clerk-Treasurer Johnson stated she didn't know if that was a permissible lien and she would need to research.

President Johnson gave a library update. The Friday before Labor Day, President Johnson had a phone conversation with Amanda Slaven of the Library and some of the items the library was supposed to do. The Library had reached out to Clerk-Treasurer Johnson to see what items she would want for the Town from the Library. All items were sent to the Jackson Township Historical Society. President Johnson stated that the locks were changed and the Library Board was no longer allowed in the library.

Councilman Caldwell stated that the Ladoga Library were promised items. Clerk-Treasurer Johnson stated she wanted Council members to do a walk through to verify items that were left in the library. Amy Nooning questioned if the library was claiming ownership of any remaining items and the Council advised no.

Councilman Caldwell stated utilities were shut off except the electric for the sump pump. President Johnson stated that the temp in the building was maintained at 66 degrees.

Councilman Caldwell stated he was contacting Jeff Wolfe to do appraisals. Legal Counsel advised that two appraisals needed to be done and the average of both would be the selling price.

Councilwoman Fry questioned what the library had done with their remaining funds. Legal Counsel advised that the Clerk-Treasurer was looking into this. If the funds were taxpayer funds then they would need to be turned over to the Town.

Councilman Caldwell stated that he thought it was grant money and they were not non-for-profit, then the money needed to be turned back over.

Legal Counsel advised that if money was donated by an individual, then there might be difficulty getting the money back. President Johnson stated that the Town had documented Meeting notes that stated the funds needed to be given back to the Town. Councilman Caldwell stated the library stated the funds needed to go to the fire department, and he was unsure where that came from and the fire department didn't want the funds. President Johnson stated that Ms. Slavens stated in her last email that the library was still going to function, but he didn't know how when all the books and items in the library were sold. Councilwoman stated all items were gone and that all money needed to go back to the Parks Department. Legal Counsel stated if the funds came through the park fund and was distributed to the library then the funds needed to be returned. Councilman Caldwell stated with the original 501 C 3, the money should've gone to the Town at that time.

Utilities had not been paid by the library. Clerk-Treasurer Johnson stated that in prior meeting minutes the Board motioned that the library could stay while they were cleaning out the library and they would be responsible to pay the utilities. Councilwoman Fry questioned who audited the

library's books. Councilman Caldwell noted if the library was not a Corporation, then the Park Board could have access to records.

Legal Counsel stated the library was established by the Park Board. Also, Legal questioned who was on the Park Board. Councilman Caldwell advised Mike Prague and Samantha Rader. Legal Counsel stated she could write a letter to the library if the Council wanted a letter written. The Council stated yes.

Legal Counsel stated she looked at the Deed and it stated that it was subject to reversionary rights and easements contained in another deed. Apparently when the State Bank of Lizton donated the building to the Jackson Township Historical Society, there was language that restricted the future sale of the property. Councilwoman Fry stated the bank was worried North Salem State Bank would come in. Councilman Caldwell stated the deed was subject to sale couldn't be to a financial institution.

Legal Counsel stated that to start the bid, two appraisals would be needed and the average of the two would be used. Bids could be taken, a public auction could be held or if the building is put out for bids and no bids were presented, the Town could place with a realtor. Restrictions can be put on bids as well.

President Johnson stated the last item of business that board members need to be residents or approved by the Council. Legal Counsel advised that all boards are statutorily created and already is mandated.

Councilman Caldwell questioned the status of property clean up. Legal Counsel advised negotiations had been held. Rachel from the APC has sent enforcement letter and fines are accruing from the APC and the Town. Arrangements are being made to meet with the attorney to make a timeline to clean up. Councilman Caldwell questioned when the matter could be taken to court. Legal Counsel advised that the Town could


go to court at any time; however, the drawback would be that going to court would be costly. Councilwoman Fry stated unfortunately it may end up going to that. President Johnson stated he wanted to exhaust all avenues before going to court. Councilman Caldwell noted that there are residents that are questioning when something is going to be done with properties. Legal Counsel advised that this matter could be discussed in an Executive Session.

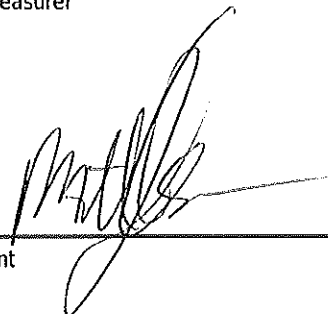
Clerk-Treasurer Johnson advised that due to the County LIT meeting was scheduled for October 11, 2016 and that was the meeting night of the Town Council Meeting. Therefore, the Monthly Council Meeting was being moved to Wednesday October 12, 2016.

Legal Counsel advised that the County LIT meeting was a public meeting and anyone could attend.

President Johnson opened the floor to the public for any further discussions.

Councilwoman Fry made a motion to adjourn the meeting. Councilman Caldwell seconded. All in favor, motion passed.

X   
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Clerk-Treasurer

X   
\_\_\_\_\_  
President