

Council Work Session Minutes - Wednesday, February 8, 2006
Fourth Floor Conference Room

Council Members Present: Mayor Hindman, Almeta Crayton, Chris Janku, Bob Hutton, Jim Loveless (until 7:00 p.m.), Laura Nauser and Brian Ash

City Manager Bill Watkins and other city staff members were present.

Prior to the work session, Mr. Watkins made two quick announcements:

- (1) Columbia Regional Airport: Trans States Airlines, Inc. (nineteen seat airline) will discontinue service in early June. We are working on some things right now and will continue working on options. Will keep Council informed of the progress.
- (2) Fire Department law suit: sick leave buy back – the city received an appeals ruling today against the city and would like to further discuss options with Council at a closed session on Monday, February 27.

Scheduled topic for tonight's work session includes Columbia Water and Light 2006 Power Issues. Dan Dasho, W/L Director, made a presentation to Council on several items including electric system capital needs, power supply study and renewable energy.

Electric System Capital Needs

Mr. Dasho pointed out that we're working toward an August ballot issue to fund electric capital needs. Mr. Watkins explained the time frame will allow us to bring forward any rate adjustments as part of the budget thereby allowing Council to give consideration to any rate increases during the budget process.

Council asked staff to review 60/40 split (60% from bonds and 40% from enterprise funds) and determine if rate increases could be lower and spread over longer period of time. Staff will review lower rate impact over longer period of time and report back to Council.

Council asked how the bonds would be issued and Mr. Watkins indicated staff would seek Council authorization once and issue bonds as needed.

Power Supply

Mr. Janku indicated that an assumption was made in an earlier report that we would buy Columbia Energy Center. He asked if we were committed to do this or if it was an option. Mr. Dasho indicated that it's an option.

Mr. Loveless asked if a reputable operator had been identified for the Prairie State plant. Mr. Dasho indicated Old Consumer's Power out of Michigan will be the operator of the plant.

Mr. Dasho explained the process of reviewing power supply options – economic analysis was completed first and then risks were identified.

Council discussed the pros/cons of purchase power agreement with Peabody (Prairie State) versus self-build at existing power plant location. Council also discussed the costs associated with each of these options.

Staff reiterated the issues for Council consideration:

- (1) August ballot issue for capital needs
- (2) Power Supply – Prairie State/Peabody – yes or no.
- (3) Renewable Energy Report

Mr. Janku expressed an interest in showing the various options with and without Prairie State during the public input sessions.

Mayor Hindman asked if staff had been in discussions with the University. Mr. Dasho indicated that the city is in discussions with the University and we are working very closely together. He added that this information has been shared with them, so they're aware of what's going on here.

Council discussed how the public input sessions would be structured. The City Manager pointed out that we have an obligation to educate the public as best we can on this topic.

Mr. Dasho indicated that the absolute deadline for a decision regarding Prairie State is March 31. Mr. Watkins pointed out, however, that the city's decision to participate in Prairie State will not impact Prairie State moving forward.

Mr. Janku asked about assumptions/conervation (certain ranges) when reviewing power supply. Mr. Dasho indicated we would definitely do as much as we could in that area and still remain cost effective.

Lastly, the Council discussed the issue of Renewable energy.

Mayor Hindman described a program in Austin, TX in which it was mandatory to purchase more renewables. He indicated the program was very successful. Mayor thought it would be worthwhile to look at this program.

In summary, Mr. Watkins indicated that staff had presented Council with a fairly aggressive schedule – Prairie State and Capital (ballot issue) He asked if Council was comfortable with staff proceeding with the time line presented tonight.

Council continued discussion of power supply – building in town – which would require a large amount of public education. It was pointed out that if that option was chosen, we would need to be prepared to discuss the costs and environmental issues that may come up.

Mayor suggested folks be given the opportunity to provide input on-line. Connie Kacprowicz explained how this could be accomplished.