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City of Mt. Vernon, Illinois City Council Workshop Meeting Monday, April 9, 2012

The Mt. Vernon City Council held a Workshop Meeting on Monday, April 9, 2012, at 3:00 p.m. in the Council Chambers at City Hall, 1100 Main Street, Mt. Vernon, Illinois.

Mayor Mary Jane Chesley called the meeting to order.

Roll call showed present: Council Member Ron Lash, Council Member Dennis McEnaney, Council Member Todd Piper, Council Member David Wood and Mayor Mary Jane Chesley. Also present: City Manager Ron Neibert and City Clerk Jerilee Hopkins.

ELECTRICAL AGGREGATION PRESENTATION

Stephen Thayer and Daniel Hamilton of SIMEC, an Energy Solutions Company, from Carbondale, IL, made a presentation to the Council on a Community Energy Aggregation Program. Two handouts were disseminated – one outlining the program and the other contained frequently asked questions for residents.

The General Assembly provided the authority for local governments to negotiate lower electricity costs for constituents through aggregation programs in Public Act 97-338. Constituents in aggregation programs can save between 10 and 30 on electricity supply charges, which allow savings to flow back into the local economy.

Program Benefits

Programs always result in lower electricity costs for constituents through negotiations with an electricity provider because there is no obligation to enter into a contract with a provider unless savings are available. There is no obligation to continue the program if savings are not available. There are no hidden fees or costs in the future for constituents that opt out of the program, or if the program is discontinued. Common terms which may be negotiated include: grants for community improvement, green energy sources, length of contract, and other specific terms the City deems vital to electric service.

How Does This Change Current Electric Service?

If savings are not available at the time, there is no obligation to enter into a contract, and service will continue with Ameren at the current rate. Ameren will still operate the service and distribution centers, and maintain the lines running to homes and businesses. Ameren will still service and repair lines during an outage. Constituents will continue to call Ameren when they have problems with their service. Constituents will still receive one bill every month - it will just be lower. Constituents may opt out of the program for any reason, without any penalty, and there is a 90 day window to opt out prior to the change. Constituents who have negotiated their own electric savings will not be included in the program unless they want to join in. Individuals who are in electric co-ops will not be affected at all.

How Does It All Work?

Enact an ordinance to place a referendum on the ballot which asks: "Shall the City have the authority to arrange for the supply of electricity for its residential and small commercial retail customers who have not opted out of such a program."

SIMEC and the Arthur Agency will educate the public about the program. Town hall meetings, community outreach, and direct contact will make the referendum successful. After the successful referendum, SIMEC oversees and administers the supply bid process for significant savings. SIMEC is not affiliated with any of the suppliers, and is only concerned with getting the best deal on behalf of the town, meeting all specified terms. If savings are not available at that time, Ameren continues service until savings are available. Once an agreement is achieved with an electric provider, under the terms set by the local government, the savings begins.

Ameren (Zone 3) Savings per Household Breakdown

% Savings	Ameren Rate Zone III	Savings per kWh	Avg. Annual Household Load	Savings per year
10%	\$ 0.06368	\$0.006368	10,600	\$67.50
15%	\$ 0.06368	\$0.009552	10,600	\$101.25
20%	\$ 0.06368	\$ 0.012736	10,600	\$135.00
25%	\$ 0.06368	\$ 0.015920	10,600	\$168.75
30%	\$ 0.06368	\$ 0.019104	10,600	\$202.50

Total Mt. Vernon Savings If All Households Were on Ameren

Housing Units	10%	15%	20%	25%	30%
6,702	\$452,390.36	\$678,585.54	\$904,780.72	\$1,130,975.90	\$1,357,171.08

*Numbers are based on an estimate average household usage of 10,600 kWh annually

*Savings are based on current market conditions

Cumulative Household Savings by the Numbers (Zone 3)

# of Households	10%	15%	20%	25%	30%
1,000	\$67,501	\$101,251	\$135,002	\$168,752	\$202,502
2,000	\$135,002	\$202,502	\$270,003	\$337,504	\$405,005
3,000	\$202,502	\$303,754	\$405,005	\$506,256	\$607,507
4,000	\$270,003	\$405,005	\$540,006	\$675,008	\$810,010
5,000	\$337,504	\$506,256	\$675,008	\$843,760	\$1,012,512
6,000	\$405,005	\$607,507	\$810,010	\$1,012,512	\$1,215,014
7,000	\$472,506	\$708,758	\$945,011	\$1,181,264	\$1,417,517

*Numbers are based on an estimate average household usage of 10,600 kWh annually

*Savings are based on current market conditions

*Savings do not represent additional small commercial accounts

Summary

- Lower electric bills for constituents or no program will take effect.
- Consumer savings will flow back into the local economy
- A program tailored to the needs of the local government
- Current service unaltered
- Constituents in co-ops and other electricity arrangements are not effected
- Constituents can opt out of the program at any time if they are unhappy

Mr. Thayer noted that his company is located in Carbondale and the other four or five companies that do similar work are located in Chicago or out of state.

Benton and Johnston City passed a local Ordinance approving the aggregation program and are preparing for a November referendum. Costs associated with the referendum will be paid by SIMEC.

Council Member Wood requested more information on Southern Illinois Municipal Electric Company's structure and financial integrity including a prospectus before making any decision. In addition, Council Member McEnaney inquired about who would be responsible for electrical shortages in the grid and any subsequent penalties. Stephen Thayer, president of the company, agreed to research these issues and provide the information to City Council.

HOUSING STUDY PRESENTATION

Joe Zanola of Zanola Company LLC, of St. Louis, MO, presented his findings of the housing needs study which was commissioned by the Council in November 2011 in order to address the housing needs in the City.

Purpose and Scope

- Provide complete demographic based housing review for City of Mt. Mount Vernon
- Emphasize need and demand for new housing based on ongoing employment growth and associated economic benefits
- Encompass all housing needs for all households

Plan of Work Items

- Mapping Focus
- Demographics Focus
- Housing Focus
- Housing And Demographic Guidance
- Housing And Economic Alignment
- Conclusion, Recommendations, and Strategies

Summary Conclusion

There is currently an imbalance of housing needs and inventories in Me Vernon. This imbalance prevents an adequate quantity and quality of housing for the City of Mt. Vernon existing residents and for move-in residents. U.S. Census projections anticipate continuing population decline which will likely be seen as diminished need for new housing. Contrary to Census population projections, Mt. Vernon's general economy is strengthening with employment growth, improved region health resources, and by destination intersection revenues. A current impression of Mt. Vernon matches great economic growth, population loss trends, and older vintage housing.

This condition of housing lagging behind general economic growth is atypical in the Midwest and in current times. There is a great logical, data driven evidence that new housing is needed and that there should be a market for new housing in Mt. Vernon. Attracting residential developers and builders is an easy sell with positive population growth, but a difficult sell with population losses.

Zanola's conclusion is that housing creation is and will be needed in the City of Mt. Vernon. Mt. Vernon has the attributes to retain its citizenry and grow its population with the exception of recognition by a move-in population and the homebuilding industry. It is necessary for City of Mt. Vernon be recognized for its' economically vibrancy, for welcoming new residents, and for being open for homebuilding business.

Three main factors challenge easily making our conclusion a reality

Homebuilders - Come Out Wherever You Are? Economic rimes have drastically changed for residential development in the last few years. It is hard to find solid homebuilders ready to grow. Most have become risk averse, require solid proof to do anything new, and are limiting themselves to locations they produce and sell a volume of homes profitably. Very different than past tactics, residential developers and homebuilders now require the same level of persuasion and convincing to enter market that retailers and manufacturers typically require.

Move-in Homebuyers - Have You Been Passing Through Of Just Hiding? Economic times and new demographic realities have many potential move-in type buyers laying low. The two greatest demographic age groups, the "Near 65 Boomers" and "Boomers Kids," are born looking for new employment and quality of life havens. Both age groups need to work, and they do well living around each other. The same employability and quality-of-life factors are in play for growing families and retirees. Yes, many are financially locked down and incapable of relocating. Just as many or more are able to move. They are relocation wannabes, building a head of steam, churning to find the jobs and economic growth, and ready to move to a better place.

Same Old Question - Chicken or Egg? For Mr. Vernon, homebuilding and population growth need to be concurrent. The trend of local employment growth and minimal homebuilding can set the stage for a modest short-term start. It is our conclusion that recognition and outreach programs are needed to attract homebuilders and move-in homebuyers at the same level as those appealing to new businesses and employers.

Home Type Key		Home Type Defining Characteristics		2016 Drive Gear Housing Needs Forecast Scenario		
ID Code	Value Range Low	Value Range High	Forecast Adj New Homes Needed	New Homes Needed Y/?/N	Pipeline Inv Needed Y/?/N	
Total A	1001	75,000	100-200	Y	Y	
Total B	75,001	125,000	100-200	Y	Y	
Total C	125,001	175,000	100-200	Y	Y	
Total D	175,001	225,000	50-80	Y	Y	
Total E	225,001	275,000	5-15	Y	?	
Total F	275,001	325,000	5-15	N	?	
Total G	325,001	425,000	0-3	N	N	
Total H	425,001	625,000	0-3	N	N	
Total I	625,001	925,000	0-3	N	N	
TOTAL			360-719			

Housing Group	Drive Gear Forecast		
	Positive Outlook	New Homes Needed	Pipeline Inv Needed
Children & Challenges	Yes	Yes	Yes
Fixed Income Seniors	Yes	Yes	Yes
Budgeting Singles	Yes	Yes	Yes
Budgeting Families	Yes	Yes	Yes
Budgeting Seniors	Yes	Yes	?
Comfortable Couples	Yes	Yes	?
Suburban Dream	Yes	Yes	?
Top-Tier Active	Yes	?	?

There are five main strategies that are being introduced in summary form. Combined, these are intended to identify, appeal to, and connect with the homebuilders and developers that are the best fit for Mt. Vernon.

Mt. Vernon — Forward Sharing. This research, condensed and repackaged to present opportunity highlights, is a credible insight into Mt. Vernon homebuilding needs. A strategy is to provide developers, homebuilders, and lenders an objective resource to analyze their opportunities.

Homebuilders and Developers - Best Candidates to Target. The number and scale of homebuilding needs identified in the Drive Gear Forecast allow defining the best type of developers and homebuilders for Mt. Vernon. A strategy is to identify and qualify the builders within a 150 mile radius of Mt. Vernon that fit the best builder and developer type definition.

City of Mt. Vernon - Open for Homebuilding Business. Evaluating permit, inspections, fees, and other direct City to builder issues are important to a builder's first impression. Special programs, incentives, zoning, etc. may be the next level of inquiry. Banking, title companies, suppliers, etc. that are poised and ready to support homebuilding become a bonus. A strategy to prove that Mt. Vernon is open for homebuilding business by anticipating and preparing information and support that will be important to builders' business decisions.

City of Mt. Vernon - Selectivity and Personal Outreach. Being personally contacted with a business opportunity that is supported by research, open for homebuilding business, and only offered to a few builders is foreseen be the best method to convey exclusivity. One strategy is for a City representative to make personal outreach, introduce the opportunity, and expand on the selectivity of builders being approached.

Bolster Total Growth - Ongoing Communication and Brand Partnerships. One strategy is to strengthen the appeal to homebuilders with ongoing communication of economic and population growth efforts and also with economic development and homebuilder brand partnership opportunities.

City Manager Ron Neibert noted, “We have had a lot of success creating jobs over the last year. What we have found is there are not a lot of houses available in Mt. Vernon and the Jefferson County area in certain price ranges.” According to Mr. Zanola, 1.25 jobs created are equal to one housing start.

Neibert went on to explain with the jobs is the opportunity to bring new residents to Mt. Vernon, and having housing available for new residents is a critical need which was discovered while looking through 2010 Census material. City Manager Neibert also stated the council is working to increase the population, and thus increase the state per capita payments of taxes and grants.

The study was completed at a cost of \$24,500 by Zanola Company LLC of St. Louis. The company specializes in "real-world market research, data and guidance."

The new Interstate Highway Interchange area would be appropriate to be developed and targeted at active families and retirees. The Richview Road area would be most suitable for others with mid-wealth and above.

Motion by Council Member Piper to adjourn. Second by Council Member McEnaney. Yeas: Lash, McEnaney, Piper, Wood and Chesley.

The meeting adjourned at 4:40 p.m.

Respectfully submitted,

Jerilee Hopkins
City Clerk