



MACON COUNTY HIGHWAY DEPARTMENT

2405 N. Woodford St. Decatur, IL 62526

217-424-1404 FAX 217-424-2516

MINUTES

November 16, 2011

The Macon County Transportation Committee meeting was held on Wednesday, October 26, 2011 at 5:30 p.m. located at the Macon County Office Building, 141 S. Main St., Decatur, IL.

TRANSPORTATION COMMITTEE MEMBERS PRESENT:

David Williams

Don Westerman

Jay Dunn

Mark Wicklund

Patty Cox

Jerry Potts

Kevin Meachum

Susanna Zimmerman

TRANSPORTATION COMMITTEE MEMBERS ABSENT:

Bryan Smith, Chairman

HIGHWAY DEPARTMENT SUPPORT STAFF PRESENT:

Bruce Bird, County Engineer

Mark Funk, Road Supervisor

Amanda Askew, Office Assistant

OTHERS PRESENT:

Max Austin, Commander in Chief, Sheriff's Department

Don Herring, Evergreen FS

Rich Leihser, Evergreen FS

Jim Kruse, Evergreen FS

Dan Butler, Morgan Distributing, Inc.

Kenny Copenbarger, Morgan Distributing, Inc.

CALL TO ORDER:

This meeting was called to order by Vice Chair David Williams at 5:30 p.m.

ROLL CALL:

David Williams

Patty Cox

Jay Dunn

Jerry Potts

Mark Wicklund

Don Westerman

Kevin Meachum

Susanna Zimmerman

APPROVAL OF THE MINUTES:

Mark Wicklund made a motion to approve the minutes from September 28, 2011, seconded by Jerry Potts. Motion Carried 8-0

APPROVAL OF THE BILLS:

Kevin Meachum made a motion to approve the bills as presented, seconded by Patty Cox. Motion Carried 8-0

NO PUBLIC COMMENTS

OLD BUSINESS:

FUEL SUPPLIER DISCUSSION

Don Herring, Energy Department Manager at Evergreen FS stated we wanted to be here in good faith to talk about the fuel bid and the fuel supplies that you guys are seeking. I brought with us Jim Kruse so he could talk to you about the tax issue from last month's meeting. Jim is the one who pays the taxes for all of Evergreen FS. Jim Kruse stated reading through the minutes I just wanted to clear up that Evergreen FS does have a presence in Macon County. We have a plant outside of Macon and a plant south of Maroa. It was indicated that they do not know where the sales tax we collect in Macon County goes. I file the returns and break down the tax collected in each County that we operate in and it is reported that way. If that is a question then, yes we do pay sales tax for taxes collected in each County that we operate in and Macon being one of those. Jay Dunn asked if we purchase diesel fuel and gas from you would that be coming from Macon County or McLean County. Jim stated from the bulk plant in Macon County just south of Maroa. David Williams asked for both diesel and gas. Jim replied both. Don Herring stated since we did not bring the numbers today I called one of our Accountants on the way down here tonight. In rough numbers Evergreen FS does approximately \$31 Million worth of business in Macon County and employs about forty individuals. I can get the tax numbers for you if you would like at a later date. Jay Dunn asked if you could send them to Bruce Bird. Don stated of course. Mark Wicklund stated looking through your papers here am I understanding that you purchase your diesel fuel on a three month span from December 2011 to January 2012. Is that just the set month out of the whole year, is that how that works. Don stated this is one of the options that we offer our customers. This is a commercial business plan, we offer it to a lot of the schools in our five County area. We also offer it to a host of other people. In a commercial business program, this contract will cover twelve months, if you choose to enroll some gallons in this. Historically the December January time period is the best time to purchase fuel. What we have done is devised this program to allow you to enroll a certain amount of your gallons. There is no set amount, and each trading day for a two month period of all December and all of January I purchase an equal amount of fuel and I cost average it and then I will give you a price. That price would be good to use for the next twelve months. It is another opportunity or another different way to look at buying fuel rather than spot purchasing. Spot purchasing has not necessarily been that effective at controlling costs. Jay asked if this was just diesel. Don replied this is just diesel fuel right now. Don Westerman asked if you would be able to supply additional tanks if the Transportation Department decides they can handle semi loads. Don Herring stated that would be something we would have to talk about I cannot answer that at this moment. One of the things that we do is whenever we come into a situation like this we are trying to make this as low cost as possible and there would be some additional expense if we were going to supply that type of equipment. David Williams asked how many gallons we can hold as far a diesel fuel. Bruce replied we have two 10,000 gallon tanks, one for diesel and one for gasoline. Don Westerman stated but you don't want them to get empty enough so that they can drop 7,400 gallons back in it, correct. Bruce stated we have them deliver fuel once a month at the bare minimum and our total usage for the past year on both gas and diesel is a shade less than 30,000 gallons each. It would be hard to drain the tank in one month. David Williams asked if there were any other questions for the folks from Evergreen FS. Don Herring stated we brought this in here today; it is just an opportunity to diversify the way you purchase fuels. The pricing that you asked for earlier we gave, still stands. Those same margins would be included in this. Jay Dunn asked why diesel is more expensive than gas, when I have heard it takes less refinement. Don Herring stated I will defer that one to Morgan Distributing.

OLD BUSINESS CONTINUED:

Dan Butler from Morgan Distributing (MDI) is now at the podium. First of all on the fuel question there is about ten cents a gallon higher taxes on road fuel than what you see posted at the pump. It is all supply and demand. Jay Dunn thanked him. Dan stated my objective for tonight is that I would like to see Macon County change their mind and come back to MDI. I would like to add that MDI employs fifty four individuals and of that forty four live in Macon County. If we are going to compare scars MDI should do about \$90 million this year in Macon County. There was one other topic that I wanted to be clear about from the last discussion. The reason why there was small deliveries being made we found out that there is a tank test that has to be done and the only way you could do it is to have the tanks full for the test. So there was a good reason for that. I wanted to touch on the tax issue again. The tax that is now in place has caused us an additional hardship because if you get somebody that lives outside the County and says they can get it cheaper from our competitors. So for us to keep that business we have to reduce our margin further. Since 2004 MDI has collected \$519,000 in taxes that we have paid to the County. We have collected \$153,000 this year which is \$87,000 more than 2010, that shows the difference with that tax bump. In property tax since 2001 we have paid \$407,000. I would like to bring this up as a point to ponder I really strongly believe the way the taxes are set up is "point of origin" not "point of sale" If it was just the opposite I think you would have a greater tax advantage. Since the last meeting we have had a chance to look at other topics and one of the things is that we have bulk storage equipment at the facility. We put out a contract every time that we provide equipment. If you would decide to stop doing business with us, for whatever reason, you pay us for the price of the equipment. So that is still an issue that will have to be discussed. I am quite confident that if your decision stays the same I am sure that FS would pay for that equipment. When you get into the product I feel that those are very comparable products, whether it is coming from my competition or if MDI is selling the product. On the lubricants piece I feel a little different because there are different levels of quality. I do not even know if that was part of the bid process when you were comparing prices. On the contract piece, can you get a firm price? I like the cost average. That is how you get a firm price. If you were to say I want to have a set price for a twelve month period, yeah we can all do that, but you have to cost average it and you have to go out and buy the twelve months. It is just a philosophical difference. We offer contracts to many of our companies, mostly for budget work. In my thirty two years I think it is just too risky, in my opinion. If you want contracts of course we can do it. So we get into the pricing piece. I have my proposal here; all the transports will be delivered to your locations at \$0.02 over the delivered cost. If it was a 4,500 gallon delivery it would be \$0.10 over delivered cost. Anything less than it would be \$0.15 over. There is also the issue of the police cars. They get gas at MDI Pacific Pride Station; the question would be is the price the same. The pricing fluctuates on a daily basis. So if you bought a transport load of gas on the 1st for \$3.00 a gallon you will have that for the next three weeks and then you buy gas say on the 21st at our Pacific Pride it could be up or down \$0.10 or more. In theory if you bought it on the exact same days it would be the same price. I have a handout; the left side is product it also shows quantities and price and estimated volume. David Williams stated we have a copy of an email from MDI regarding the Sheriff's Department usage then we also have one from Amanda from the Highway Department regarding their usage and average prices. What we had talked about last time is the fact that the Sheriff's Department is paying one price and the Highway Department is paying another price. I think you have done a good job of explaining that. We as a Committee were wondering why the Sheriff's Department and the Highway Department are all part of the big picture and why is it that we can't get the price that the Sheriff's Department pays down to the price that the Highway Department pays. The Highway Department utilized a little over 28,000 gallons on gas at \$2.70 a gallon. The Sheriff's Department utilized a little over 42,000 gallons at \$2.82 a gallon. So that is a little bit of history of what is going on here. We have Commander Austin from the Sheriff's

OLD BUSINESS CONTINUED:

Department with us; there has been some conversation with Sheriff Schneider about how the Sheriff's Department prefers to get there gas. Whether it is at the station on 22nd or if it was feasible to get it at the Highway Department as it had been before. I believe it was the preference that the Sheriff's Department continues to get gas on 22nd and that we continued to have gas and diesel delivered to the Highway Department. Jay Dunn stated it looks like Highway used about 66% of the gas consumption compared to the Sheriff's Department yet their average cost is about \$0.11 a gallon cheaper. I want to understand why that is. I understand the Highway buys it in bulk where the Sheriff's Office buys it a tank at a time so is that the reason or is there something else. Dan Butler stated that would be the leading candidate. Here is an idea; every day when I come to work I drive by five different gas stations and I see what the sign says. Everyday my cost is going to move up or down. The street price based on competition is going to move up or down. When you buy a transport load it is \$0.02 over cost whatever that cost is it is going to be locked in. The difference is now you have that price; it could have gone the other way. If prices go up and you bought it on the 1st and over the next three weeks it went up \$0.20 now you are in the good to the point that you could call me and I would buy it back from you. Jay stated so it can go either way. David Williams asked what this price is based on now. Is it based on a margin larger than \$0.02 a gallon? Dan stated that is about what it is at. Max Austin thanked Mr. Butler for providing a very good explanation on how the prices go. What he has just explained is next month when he gets his bulk pricing these numbers could be flipped, it is pretty simple math. I think that it is unfortunate it shows a \$0.10 a gallon disparity. I do not think that is going to be consistent. David Williams asked are we not comparing apple to apples because the Sheriffs' Department uses different gases than the Highway Department. Dan Butler stated the lead free is going to be \$0.20 a gallon higher than gasohol. The E-85 depending on how things are going it could be \$0.30 to \$0.50 to \$0.75 a gallon difference. My estimate on the E-85 will rise if you guys keep getting newer vehicles. If they cost average everything they bought from us that is pretty good, maybe you caught a transport on the higher end of the month. Max Austin stated with the accounting that MDI does for us we have entered into contracts with other Municipalities and we have to charge them every month for the gas they use. All I have to do is get a statement from MDI and there it is. We then send them a bill and they can reimburse us. If we went back to what we used to do and get the gas at the Highway Department; when I started twenty five years ago that accounting would be very shaky. I love the service I think what Mr. Butler has said for the price is very easy for me to understand. Also, I love the fact that they are paying all that money in taxes. Mark Wicklund asked how many vehicles do you have that use E-85. Max replied around twenty. Kevin Meachum asked but they can use regular fuel though too, right. Max replied yes. David Williams stated I think Sheriff Schneider addressed that in an email that he felt that it supported the local farm community to use the E-85. Mark Wicklund stated I have no problem with that. Studies have been done with E-85, and is it true that they are not getting the same gas mileage they could off the E-85 as they would an 87 or 92. Max Austin stated we studied that ourselves and when it hits a certain price point we switch back. Dan Butler stated there is a mathematical formula you can use. It is right about at \$0.50 a gallon it needs to be \$0.50. When we first got into E-85 it was running \$0.75 to \$1.00 a gallon cheaper. Then all of the sudden the gap just closes. It is all following gas prices. Bruce stated one of the things you commented on was the price; it is all based upon when we get our tanks filled up at the beginning of the month. This time of year, by the time you get to the end of the month when we run the numbers and send the bills out it is entirely possible if the price of gas has fallen out on the street over the month from the time we purchased the tanker load of fuel that the bill that we are sending out is more per gallon than what you can go out on the street and get it for. That has happened several times. I think that was one of the things that the previous Sheriff was looking at. If you look at it in the spring time it is flipped the other way. A lot of it depends on what time of year you are looking at. On our

OLD BUSINESS CONTINUED:

average we tried to mirror the time frame that was given from the email from MDI, but it is not exact mainly because we only receive loads every so often. That is also without breaking down the different types of products, if you did that you would be all over the place. Patty Cox stated you mentioned the price that it would cost to take the equipment out; what kind of money are you talking about. Dan Butler stated about \$2,400. A large portion of our business is the oil business; it is the niche area where we have gone. If I go into a potential customer and they say I have equipment in here and it is Valvolines, then we immediately start negotiations. Do you want me to pay you for this equipment or do you want me to contact with Valvoline and pay them. Nobody wants their business interrupted. I am making an assumption, but I would assume that if the decision stays the way it is that Evergreen FS would pay for the equipment. Don Westerman stated since we are not in a contract I do not know why we are having this discussion today. I believe this would be an internal decision and we have confident people at the Transportation Department to make this decision. I think it would be better handled if it was handled by Staff instead of this Committee. Dave Williams stated I believe from last month we voted to put it on Old Business. That is why it is being handled, but I may be wrong. Bruce stated yes, it was brought up and wanted to be put up as an item. We follow the direction that you guys give us. Don Westerman stated I am all for listening, but I do not think it is up to us to make that decision. We do not do it on other non-contract items. Jay Dunn asked if we were locked into any contract with either one. Bruce replied no. Dave Williams stated that came up at our last meeting and that is why we put it on tonight to try to move forward with something. Jay Dunn stated I wonder if the Committee would look at letting Bruce and Tom and a representative from the County, maybe you sit down and negotiate with the two and work something out and bring back a recommendation. Mark Wicklund stated I believe this was brought to us two meetings ago with a proposal and a nod for us as why this continued to play out for two more months; I am going to agree with Chairman Dunn. David Williams asked if that was the consensus of Committee members that we will form a sub-committee and let the sub-committee deal with Evergreen FS and MDI. I am more than happy to serve on that if I can be of any help. Kevin Meachum stated the only thing that I have concern with is both parties have already played their cards, they have already said where they are at. Are the prices going to get any better? Are we talking service differences, or what? They have all played their cards now if you put it back in Bruce's lap we need to give him guidance to say this is where we are at with it and where we are going to go. David Williams stated if it is the Committee's pleasure I would entertain a motion as to moving forward with one or the other companies. Kevin Meachum stated I was not here last month so I do not know all the details from last month's meeting. The way I feel about is we have professionals making this decision; we are not signing any contracts. They both threw their best dollar out there on this stuff and we have to protect tax payer's money. If one is lower all I have to say is maybe next year you better get your pencil sharpened. I am sorry that is just the way life is, I have to watch my dollars at home. Everybody else has to do the same thing. David Williams stated Commander Austin and Mr. Bird you are agreeable to serve on a Committee. Both agreed. David Williams stated I will make my humble services available as well. David thanked everyone for their time and stated that we will be in touch.

NEW BUSINESS:

Resolution approving County Engineer's salary for 2012

Motion made by Jerry Potts to approve the County Engineers salary for 2012, seconded by Patty Cox.

Motion carried 8-0.

Resolution appropriating funds for annual MFT Maintenance Program

Motion made by Kevin Meachum, seconded by Patty Cox. Motion carried 8-0

COUNTY ENGINEER'S REPORT:

Bruce Bird stated this Resolution will be a G Resolution. It is for the Progress City budget line item. We do keep a certain amount set up in there as a dummy amount on a project expense in case there is some kind of a project that needs to be done. Typically what we will do is set up the project and oversee the project, but we serve as a pass through on the funds from Richland to cover the costs of the project. We went over a little bit on some patching work we did out there prior to this year's show. That is the \$28,574.00 that is shown on there. To let everybody know that we are going to be taking this to the next Finance Committee meeting which is the first week in December and it will be brought before that Committee at that time.

We closed the second bridge on Baltimore. Otto Baum already has the bridge completely out and removed. They have the same goal as Schmidt has to get the structure out and the tree removal finished, and the site cleared and out of the way in time for the winter. Then to pick back up in spring.

The Contractor has done some basic culvert installation work and exploratory trenching for tiles down on County Highway 30. They have got the pre-cast concrete boxes on order. They should be in next week. As long as the weather allows they will be out there working.

Our guys, when the weather allows, have been doing ditch cleaning or crack sealing depending on what the dirt conditions are. Once that shuts down we will be ready for winter time plowing.

I want to let everybody know that Monte Holsapple semi-retired, last Thursday was his last full day. Due to his accumulation of sick days and vacation days his actual last day will not be until after the calendar year. He has told us if we need him to come back to fill in during a pinch he would be more than happy to come back and take care of stuff for us. Whenever we find out what his actually full retirement date is we will make sure to let everybody know. Whether he likes it or not we will probably have some kind of reception for him. In his absence Mark, Joe and I sat down and talked with Jay a little bit about it, we decided we needed to have somebody back in the shop area as an acting Lead Worker. We have stressed to everybody as well as the Union leadership that it was an interim basis, with Monte technically still on the contract and payroll I cannot have two people with the same position. We named Mark Page into that temporary position. He started this week and he has taken to it pretty well so far. When we are looking at filling that position permanently and full time we will follow the contract and post it as an open position. Anybody within the unit who is interested will be able to bid in on that. In the past for things like this we have actually conducted interviews. We have had our staff and also a representative from the Board sit in on the interviews. That will be sometime coming up. I just wanted to give everybody heads up on that.

MISCELLANEOUS BUSINESS:

Jerry Potts stated I want to take this opportunity to say that this will probably be my last Transportation Meeting.

David Williams stated I received a call today from Representative Bill Mitchells office he is hosting a meeting at the High School in Maroa on December 7, 2011 at 6 pm and representatives from IDOT will be there. It is reference to his attempts to get stop lights at the corner of Washington St. and Route 51 in Maroa and also Andrews St. and Route 51 in Macon. Bruce asked if that was a Public Meeting. David replied yes. I know with previous conversations with Bruce there will be some financial responsibility on the County's part with the fact that they are both intersections of County Highways and State roads. I wanted to make sure that the Highway Department was advised of the meeting and they hadn't been. It is an open meeting.

MISCELLANEOUS BUSINESS CONTINUED:

Don Westerman wanted to apologize for rehashing the fuel situation again, but since the vendors are gone I feel more at ease to speaking out here. I did not realize this was going to be such a monumental task when this came up. I think no matter what happens with the situation before us, I think it has been a good learning experience for all of us and it may have saved us some money now that they know they have a little competition out there. I have no dog in this fight and I do not really care, but I think it has been a learning experience. I would really like to see us be able to take transports; Mark has assured me that is not going to work. I think that is something that would be very profitable in the future. Especially because we have learned we have \$0.08 to play with not counting the savings between the transports and the straight truck cost in the first place. That is just their markup. David Williams stated your points are very well taken and it has been an educational process and I think that we have got the attention of our current supplier and a potential supplier.

NO CLOSED SESSION

ADJOURN:

Jerry Potts made a motion to adjourn, seconded by Jay Dunn. Motion Carried 8-0.
Meeting adjourned at 6:20 p.m.

The next Transportation Meeting held at the Macon County Office Building will be Wednesday, December 21, 2011 at 5:30 p.m.

Minutes submitted by:
Kathy Gerhold & Amanda Askew
Macon County Highway Department