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PROCEEDINGS OF THE REGULAR MEETING
OF THE CITY COUNCIL OF THE CITY OF PEKIN, ILLINOIS,
HELD IN THE COUNCIL CHAMBERS OF CITY HALL
111 SOUTH CAPITOL STREET
ON TUESDAY, OCTOBER 13, 2015 AT 5:30 P.M.
JOHN H. MCCABE * MAYOR * PRESIDING

PRESENT: COUNCIL MEMBERS, GOLDEN, ORRICK, ABEL, RITCHASON, LUFT, DUNN AND MCCABE
ABSENT: NONE

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The **Pledge of Allegiance** was led by Mayor McCabe.

Roll was called. All members were physically present. A quorum was declared.

AGENDA
Motion by Council Member Golden, seconded by Council Member Ritchason that the **agenda be approved as presented.** On roll call vote all present voted Aye.

MINUTES
Motion by Council Member Orrick, seconded by Council Member Abel that the **minutes of the Regular City Council Meeting of September 28, 2015, be approved as written.** On roll call vote all present voted Aye.

PUBLIC INPUT on agenda items
Jim Mangan comments on financial reports and asks for explanation of the reserves and funding for loan. Mayor McCabe tells him Mr. Wolf is presenting a financial report later in the meeting that he is sure will address his questions.
Ann Witzig states her displeasure with the minutes and not being able to talk about personnel in open session.

CONSENT AGENDA
Motion by Council Member Luft, seconded by Council Member Orrick that the **CONSENT AGENDA be approved as presented.** Golden asks about written/oral warnings by the police department and whether verbal was oral or written. Kaminski comments that the field contact information is an "oral" warning. The following was presented for consideration of the Consent Agenda items by Omnibus Vote

7.1 Receive and File Monthly Reports and Minutes: Police Department September Report, Tazewell County Animal Control September Report, Traffic Safety meeting minutes dated October 3, 2015.		
7.2 Receive and File Petition for Voluntary De-Annexation from the City of Pekin		

On roll call vote all present voted Aye.

COMMUNICATIONS, PETITIONS, REPORTS
City Treasurer James Wolf presented to Council the **QUARTERLY FINANCIAL REPORT.**
Mr. Wolf presented documentation for his report for budget performance of the quarter ended July 31, 2015 (Pre-Audit) Revenues over Expenses – All City Funds; Major Revenue Sources; and Investment Earnings. The following was heard by Council: Wolf states the overall health of the City is very good and he will touch on the highlights. The first quarter is always interesting because of property taxes being collected in this 1st quarter. General Fund operations are showing a profit and that is partially due solid waste is now showing expenses and revenues both in this full quarter. Sewer fund operations are positive for the quarter, but that fund is seeing some pressures and some sewer rates increases are going to be needed per the loan repayment schedule. School Bus shows some payments from the last school year and the school bus lease payment for the whole year. First quarter profit is $295,000 for bus operations. Mayor McCabe asks about MFT and if it is a reflection of Springfield. The City has received payments up to July and has not received funds since then. Abel asks if other funds are being held up and Wolf states it is just MFT, but others are slower in payment. Orrick asks if real estate tax revenue in the report is the operations' portion. Wolf says yes, it is only reflecting the operations' portions of property taxes, not the amounts that went to pensions. Ty Whitford points out to Mr. Orrick and Luft who both question expenses of the bus department that they are currently in the 4th year of

a 5 year/66 bus lease with Midwest Transport. Whitford says most everything is covered under the warranty except tires and brakes and Midwest Transport has proposed an early lease renewal.
Wolf explains the revenue is strong for the quarter and actual results are $9.25m, which is very good compared to budget and last year. Sales taxes have shown a drop in collections. Wolf noticed another negative percentage on the report, which should be impossible, so he checked into it was told by the IDOR they were updating their system and they would check into the issue and get back to him in the next 2 weeks. He will be watching these numbers and staying on top of this issue. Income & replacement taxes are increased and based on overall state wages. Orrick asks if the food and beverage taxes are delinquent. Wolf says yes, there is always someone who is late, but overall they pay on time and the delinquencies are minimal. McCabe asks if gaming taxes are flattening out and Wolf says he would use the word plateau and he feels only new businesses would cause an increase.
Investments are still only showing about a 1% return on investments because of the fed rate. The quarter shows good results because some annual payments have been received at this point. Orrick asks about economic development revenue; the general fund makes the loans and the economic development fund will pay back the general fund. Wolf says the reserves policy is 25% and normal general fund is $25m; so 4.5m is what we should have on hand. The solid waste fee is helping the reserves and when we go to borrow funds, they look at reserves and what we are doing to restore reserves, such as instituting a garbage fee. The question has been raised on reserves and the hospital loan. It does not affect our reserves one bit: Assets – Liability= Reserves. When we borrow $12m and then turn around and loan it for $12m it is a zero sum transaction. We are expected to keep $10m in the bank and that includes the funds Progressive Health keeps which is about $1m; right now the City holds about $13.8m at Morton Community Bank. We can spend those funds for City use and it has very little impact on keeping reserves where they should be and allows for full use of the funds. Orrick asks what happens if reserves go below $10m; but Wolf points out that he doesn't think we will dip below that amount. McCabe points out that doesn't include the property tax benefit. Wolf says the total property tax is expected to be about $300k, and our portion is roughly 13% of a total property tax bill. Golden didn't see anything in the agreement that it included the funds held by hospital in the $10m. Wolf says it is in the loan agreement. Golden asks where the $10m came from. Wolf explains there is no difference in the city's funds; we get $12m and turn around and loan it to the hospital. Golden believes the City must have used reserves to make the loan. Wolf says that ($10m) is roughly the amount that we keep in the bank and the funds we are loaning the hospital will come from the bank, not our reserves. This report is only revenue and expenses, not a balance sheet. Golden would like to see a balance sheet in future reports. Golden says that the last Willock and Warning audit shows $12 in general fund. Wolf explains yes that is correct and it is the cumulative effect of revenue over expenses and Wolf will be happy to go over it in detail with Golden in his office. Orrick clarifies, if the loan was in place, our reserves would have stayed the same and Wolf points out that it is correct and this loan won't be in this most current audit either (FY14-15).

NEW BUSINESS

<u>ORDINANCE NO. 2729-15/16</u>
AN ORDINANCE DEANNEXING REAL ESTATE
PIN 10-10-16-200-004

Motion by Council Member Dunn, seconded by Council Member Luft that Ordinance No.2729-15/16 be adopted. Council received and filed a Petition dated September 29, 2015 from the owners of the property commonly known as the Geier Property on Rt 29 that had been annexed into the City on August 25, 2014. City Manager Girdler explains that the original agreement stated that if certain contingencies were not met as provided in the annexation agreement in obtaining a permit for a Medical Marijuana Cultivation Center, the City agreed for the owners to petition to disconnect from the City. The only impact would be the property tax that the City could have received. The previous council 2nd paragraph shows an error 'tis" needs changed to "its". In Section 1 The City of Pekin is capitalized none of the rest are; Deputy City Clerk states they will be corrected. On roll call vote all present voted Aye.

Motion by Council Member Abel, seconded by Council Member Orrick that the **AGREEMENT FOR ENGINEERING SERVICES WITH FARNSWORTH GROUP** be approved. Council was advised in a Request for Council Action that the City Engineer, Mike Guerra recommended the agreement be amended to reflect the construction inspection for Phase 2 for an additional $120,000.00 and a reduction in Phase 3 & 4 for the same amount for the Wastewater Treatment Plan Project. Phase 2 was delayed due to flooding in 2013 and again this summer. Phase 3 & 4 are estimated to be completed approximately 2 months early. Pat Sheridan of Farnsworth Group shares a report of the progress in pictures. Farnsworth would like to do a tour for the Council.

He congratulates the City on the project and dealing with the capacity, age, flooding, CSO, nutrients and new standards and IEPA attorney general mandate and the city conducted it all over multiple years, 3 City Managers, 4 councils and significant staff changes and during the recession utilizing $3.5m from state and a grant as well as low interest loans. The new plant was constructed over an existing/deplorable plant from going from 8.7mgd to 40mgd and the City did all of that within 3% of low bid market. There is a new standard coming down from EPA and we are ready and nearly 9 -10 years ahead of those. The project was definitely expensive, but is still on track with the budget prepared in 2008. The proposed rate increases will be in line with other communities and the schedule provided through the loan process will work. The facility is not a Cadillac, it is a vehicle that meets the needs to do the work of the basic requirements. The control system is a labor reducing set of equipment. The agreement had various segments and the phase 2A is about 1000 hours over, but phase 3 and 4 is online to be a net offset. Orrick asks if the EPA forced us into this. Sheridan says the CSO requirements are hitting all of the communities and Orrick asks why did Peoria not have to do it. Guerra said they are taking their case to the US EPA and t have probably doubled costs as a result of putting off the project. Dunn points out the previous council made a generational decision and that moving forward sooner rather than later was a good decision. Golden points out that inspection services would be provided, and Sheridan says they have done inspections, construction observation, and quality control process. Inspections were completed with critical work in phases 3 and 4, but there is not a need of daily observation including DO/IO inspections, an engineer is not needed out there on a daily basis. They make sure they do inspection services and were scheduled for 50%. Title Block has been changed for the Mayor to sign. Guerra points out that some of the items were done for operational purposes and flooding issues also complicated construction. It is a fine line between the operational and construction projects in a retro-fit situation. Any project of this magnitude would have changes in going from paper to real life. Guerra points out that we will bring some items to the council in the future based on new regulations and commends this council and previous councils for moving forward.
On roll call vote, Ayes, Orrick, Dunn, Luft, Ritchason, Abel and McCabe; Nay Golden. Motion Carried.

Motion by Council Member Ritchason, seconded by Council Member Abel that **WASTEWATER TREATMENT PLANT PHASE 3 & 4 PACKAGE A CHANGE ORDER #2 IN THE AMOUNT OF $3,322.01** be approved. Council was advised in a Request for Council Action that Phase 3& 4 were part of the Combine Sewer Outfall (CSO) projects outlined in the Long Term Control Plan (LTCP) approved in 2011 to bring the City into compliance. Package A included updating of the North Treatment Plant to allow additional detention storage and lining of 2 30" interceptors due to location and depth of existing piping the excavation limits were expanded. The change allows for additional sidewalk that will need to be removed and replaced. Guerra says replacing some pathways provides better access to some valves. Sheridan this is a very legitimate request and it makes more sense to do it now and the price is a very fair $7.5 per square foot. He expects to be closing out soon. Orrick asks if this is a holding area and Sheridan explains the CSO plan is for a holding station at the North plant and now are able to use the 7m gallon lagoon for storage. Golden asks about completion of work. Guerra says this work has not been started at all and Guerra points out the previous change orders were not completed significantly prior to coming to the City Council. Sheridan points out under Denny Keif, when he was a city engineer, there were probably 72 change orders and it was agreed that they negotiated prices and bring a bundle to the Council. Sheridan says there is no collusion, Golden points out that the Council is the deciding authority. Guerra points out that if the owner holds up progress that the contractor can assess damages back to the owner for timeliness. Williams Bros was told that proceeding previously would be at their own risk. It was a process that was scrutinized by professionals and Guerra points out this work requested in Change Order #2 has not been completed.
On roll call vote, Ayes, Orrick, Dunn, Luft, Ritchason, Abel and McCabe; Nay Golden. Motion Carried.

ANY OTHER BUSINESS TO COME BEFORE THE COUNCIL

Public Input: **Jim Mangan** asks if the reserves today are $13.8m. Wolf says the reserves are $6m. The $13.8 is working cash and all funds within the City. Mangan is confused by the $12m loan and where that money is coming from and that we have to have an additional $10m. McCabe explains no, that the $13.8m will cover that $10m. Wolf says if we keep less than that we would pay a higher interest rate. In transparency tools there are expenses of $80m, why are there differences? Wolf explains the larger amounts includes all capital funds, sewer plant construction, and that is *all* funds.
Ann Witzig – there is no need to complain about anything until other people at the table do their jobs. The public doesn't get answers to nothing. She says executive session is hiding behind closed doors.

Staff Input: Girdler answers questions from previous meeting. 183 complaints were a result of the "sticker" for large items. The impact of the 4th & Capital Street stop signs are still in the 90 day test period and the City has heard mostly positive results. The phase II TIF report just came in a few hours ago and will be shared with Council from the developer. Parking problem is hard to answer without a study. The City has 3 parking lots and the County has some additional parking that they are entertaining opening up after hours.
McCabe asks about the efficiency study. Girdler says the scope of work has been set and Girdler included some additional information provided from one Council Member. The City of East Peoria just completed a study by Northern Illinois University Center for Government and it took one year for only 3 departments.
Dancy mentions that the folks at the Court House like the changes with the street lights and the dance studio patrons are overwhelmingly positive. Luft states you can get a parking spot easier as well. Orrick says the request came from an owner of downtown property.
Chief Nelson reminds people to keep smoke alarms in working order. The Fire Department can help people with that if they call the department.
Deputy Chief Kaminski Night out against crime is on October 22, 2015 and encourages all to attend.
Golden asks about fire at a duplex on ElCamino; Nelson says they were outside grilling and oil on stove inside ignited and flashed over. Nelson reminds people to invest in renters insurance. What is the policy about construction/silt fence because street sweeping was done in Sunset Hills today. Guerra points out this is an Ameren project and they have a franchise agreement and InfroSource is their subcontractor. Luft says they have caused issues with Illinois American as well. Guerra says because they are a utility, they have much latitude and the City doesn't have a very big hammer when it comes to other utilities. Girdler will contact Ameren tomorrow. Orrick asks if we can increase the rules/regulations on the utilities in the Code. Golden also says Highwood and Summit sidewalk just ends; should the developer be held accountable for that and asks about erosion issue at Highwood and Lisa Court. Mike is meeting with the homeowner and thinks it can be completed this year. Golden also wants to know the plan with the building on Front Street being torn down? Girdler says it was owned by the City and there was a tunnel under that street that is being filled with flowable fill. Golden, where is the Cartegraph report? Guerra says he can share the report, but he would like to share some historical information and provide a complete picture. Golden asks if the final report extensive. Guerra says, yes, the City asked for compilation of data; it is a 1200 page report; but doesn't really provide for planning and he shared the executive summary to the City Manager previously. Girdler states he forwarded the one page executive report. Golden asks about EarthMine. Guerra says we use it to import information into our GIS program; for instance, the GIS technician has updated street lighting and sign information; it is a very powerful tool. Kaminski says the police dept. does not normally report burnt out street lights. Golden's street has one out and it hasn't been repaired.
Abel – when will Veterans to 14th be open? Guerra 2 lanes poured this week and by end of next week most of pavement will be down and the reconnection will be open. Abel is told the $20 fee may be on the next agenda.
Orrick asks about The B&D fine collections that comes to Angie and Dancy points out that it was reported in a post council report from staff.
Luft talks about the efficiency study and the timelines and the costs. It is in the best interest of the tax payers if a study comes back and says we are efficient, he is good with a number in the $100k range, but it needs to be done in a timely manner. Luft explains that two council members made a motion and that Mrs. Witzig suggesting two members must have been coerced is not the case. The motion and the second does not necessarily mean that council member agrees with the motion. The council member seconding is just agreeing to further the discussion and it doesn't mean the whole council is in agreement. Luft points out that in closed session there is no coercion just good honest discussion. Luft makes a motion to put the impound ordinance back on the council agenda for the next council meeting it is seconded by Abel.

No further business to come before the Council, motion by Council Member Dunn, seconded by Council Member Orrick that Council adjourn. Motion carried voice vote.

COUNCIL ADJOURNED AT 7:51 P.M.

Submitted by
Sarah Newcomb.
for
Sue E. McMillan
City Clerk