



City Council

City Council Chambers ◊ 524 West Stephenson Street ◊ Freeport, IL 61032

**COMMITTEE OF THE WHOLE REPORT
REGULAR MEETING
Monday, November 10, 2014**

1. CALL TO ORDER

The regular meeting of the Freeport, Illinois, Committee of the Whole was called to order by Mayor James Gitz with a quorum being present at 6:00 p.m. on Monday, November 10, 2014 in council chambers.

2. ROLL CALL

Present on roll call: Mayor James Gitz and council members Tom Klemm, Shawn Boldt, Ronnie Bush, Jennie DeVine, Dennis Endress, and Andrew Crutchfield (6). Alderperson Koester and Brashaw were absent. *See notation at 6:14 pm for Alderperson Koester to enter the meeting.*

City Staff Present: Corporation Counsel Sarah Griffin, City Clerk Meg Zuravel, Community Development Director Jim Brown, Finance Director Cynthia Haggard, Public Works Director Tom Dole, City Engineer Shaun Gallagher, Fire Chief Scott Miller, Deputy Chief of Police Jim Drehoble, and Water and Sewer Director Tom Glendenning.

3. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Alderperson Klemm, chairperson of meeting.

Mayor Gitz noted that due to an illness by Finance Director Haggard, the presentation on the spending plan and tax levy were completed today and were not available when the packet was distributed on Thursday.

4. APPROVAL OF MINUTES

The October 14, 2014 meeting minutes were presented. Alderperson Endress moved for approval of the minutes, seconded by Alderperson DeVine. Motion prevailed by voice vote without dissent.

5. PUBLIC COMMENTS – AGENDA ITEMS

There was no one signed on the sheet for public comments this evening.

6. RETAIL CONSULTANT PRESENTATION

Mayor Jim Gitz introduced Joseph Fackel, Senior Vice President, Retail Strategies. Mr. Fackel provided a power point presentation on market analysis, strategic planning, and retail recruitment performed by the firm. He noted that Retail Strategies helps cities take a comprehensive approach to retail recruitment. He stated what they do is going beyond research. They recognize the need for the clients to have a partner involved in the execution of a specific retail recruitment strategy. They have roots in commercial real estate and leverage national network of retail, restaurant, developer, and investors on behalf of nearly 100 communities in seventeen states. Mr. Fackel presented the Freeport

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retail gaps and he estimated \$44 million dollars is leaving Freeport and being spent elsewhere. He showed the largest gap as being general merchandise stores, pharmacies and drug stores, and full-service restaurants. He provided a listing of retail recruitment prospects from various store and restaurant chains where the firm has contacts. Mr. Fackel summarized his presentation by listing municipalities who have benefitted by sales tax collection gained from projects initiated by Retail Strategies.

At 6:14 pm, Alderperson Koester entered the meeting.

The council was provided an opportunity to discuss the presentation and to ask Mr. Fackel questions. Alderperson Koester asked how to change the mindset of people going elsewhere for goods. Mr. Fackel stated you need to educate citizens to shop local as a means to fund police, fire and the services provide by City. He noted that if you do not have that particular retail establishment, people will leave to go find it elsewhere. Discussion was held regarding on-line sales. He stated on-line purchases only account for 4% of sales. Discussion was held as to the median income based on the last census data and how you can pull restaurants chains in based on that information. Mr. Fackel stated if one restaurant contact doesn't work, then he goes on to find someone that is interested because he has an list of contacts. He would provide research that this demographic worked in this area and there will be a restaurant interested in the demographics similar to Freeport. Mayor Gitz noted that a firm such as Retail Strategies would work in conjunction with NIDA.

7. UPDATE ON SPENDING PLAN– [handout #A](#) [handout #B](#)

Cynthia Haggard, Finance Director provided two handouts to the Committee of the Whole. The first item was the Fiscal Year 2014-2015 Appropriation Ordinance summary comparing the figures for the spending plan and the appropriation ordinance. She noted if you look at the spending plan revenues versus expenditure the net would be a negative \$159,335.70. In looking at the appropriation ordinance which includes the contingencies for line items, the revenue versus expenditures showed a net figure of negative \$1,803,868.00. The second item provided was a copy of the spending plan for Fiscal Year 2014-2015. Director Haggard noted this is the spending plan developed by Accountant Duane Price as presented at the beginning of the fiscal year. Director Haggard provided notations on line items which she suggests should change such as salt and fuel costs.

Mayor Gitz stated the healthcare expenses have a major impact on the spending plan.

8. TAX LEVY DISCUSSION– [handout #A](#) [handout #B](#)

Cynthia Haggard, Finance Director provided two handouts to the Committee of the Whole wit the first being the tax levy calculation and the second was the tax levy history of years 2013-2004.

The information contained on the Tax Levy Calculation - 2014 was as follows:

	Annual Contribution	20% Contribution from Rep. Tax	Current Tax Levy	Previous Year Tax Levy	% Change
Firefighter's Pension	711,579	142,316	569,263	578,701	-1.6%
Police Pension	1,591,398	318,280	1,273,118	1,143,543	11.3%
IMRF	321,250	64,250	257,000	257,000	0.0%

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Corporate			424,332	544,470	-22.1%
			2,523,714	2,523,714	0.0%

Director Haggard explained that the goal of the above stated numbers was to have the tax levy percentage to come out to \$0. She first plugged in the numbers for the police and fire pensions which she knew because of the actuarial numbers. She then had to use the IMRF number the same as last year because she still needs to obtain those figures. Then she worked backwards based on the known numbers to come out with the 0% figure. This would have an effect on the corporate fund of reducing it by \$120,138.00 or -22.1%. She noted these are preliminary figures because she needs to verify the IMRF numbers. Based on the above calculation the effect on \$100,000 if the EAV on home does not change would be \$11.00. She also noted the tax cap limitation if the council was using CPI would be 1.7%.

The second document Director Haggard provided was a listing of the City of Freeport tax levy from 2004 through 2014. The corporate fund in 2007 and 2008 was at \$997,876 and \$938,834. For the 2013 property taxes the corporate fund amount was at \$544,470. The lowest amount ever received for the corporate fund was in year 2011 and that amount was \$464,470. This year, Director Haggard is projecting the corporate fund to be levied at \$424,332. She and Mayor Gitz both stated that shortfall will have to be made up in the budget.

Discussion was held on the costs of healthcare and the effect it has on our budget. Alderperson Boldt noted that was when there were layoffs and furloughs to get to a budget equivalent to the 2011 levy. Discussion was held on the pension plans and the percentage of funding. Director Haggard stated the Pension Fund reporting documents which will be distributed at the next council meeting with a report by Treasurer Buss.

Director Haggard summarized the charts provided by stating that the corporate fund will suffer and there is less revenue coming in from the property taxes so the budget will need to be adjusted downward.

9. HEALTH PLAN DISCUSSION – [handout #A](#) [handout #B](#)

Mayor Gitz introduced Stephen Lafferty, Benefits Broker for Lafferty Insurance Agency. Mr. Lafferty had prepared a chart of the City of Freeport healthcare expenses. The graph displayed the City’s cost of health care has risen from \$2.5 million to \$3.5 million over the course of six years from May 2009 through April 30, 2014. The employee’s share of the cost of healthcare has relatively stayed the same at just over \$500,000. This gap in healthcare expenses has been a burden on the City’s budget for many years and the City cannot sustain the drain on its budget.

Mr. Lafferty explained that the deductible and plan schedule has not been changed since 2006 with no material change in the out of pocket expenses of the employee or the prescription co-pay. The City has done its research in obtaining proposals and gone with cost effective measures of reinsurance. They have found that NIHP is the most cost effective and in the best interest of the City. He explained that the each year it is evaluated as to which PPO to go with.

Council members were provided the opportunity to ask questions of Mr. Lafferty. Mayor Gitz explained with the health care changes there will also be a spousal carve out similar what has been

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done by most businesses throughout the area. This spousal carve out would require a working spouse to obtain insurance under their employer's health plan. Some other items that will be in the healthcare changes will accommodate a wellness plan and a couple of proactive ways to improve the employee's health.

10. SALARY PLAN DISCUSSION

Mayor Gitz introduced that the administration of the Police and Fire Departments along with the Finance Director, Human Resource Manager, and the Corporation Counsel have been working with him to prepare compensation charts for non-bargaining employees in an attempt to adjust the differential between bargaining employees and their supervisors. This is being worked on currently and will hopefully be presented at the next council meeting.

11. DISTRIBUTION OF CITY HALL PUBLIC OUTREACH REPORT (FOR PRELIMINARY PUBLIC DISCUSSION FOR A SPECIAL COMMITTEE OF THE WHOLE MEETING ON NOVEMBER 17, 2014 AT 5:15 PM)

City Engineer Gallagher stated at 4:45 pm this afternoon he received a copy of the City Hall Public Outreach survey results. Because of the timing, he was only able to print copies for the council members. The report will be placed on the City's website as soon as the programming can take place on Wednesday morning because tomorrow is a holiday for Veteran's Day. City Engineer Gallagher noted that on November 17, 2014 there will be special Committee of the Whole meeting held to allow for public comment on the survey results. Mayor Gitz stated he will prepare a press release on the survey results and that will be completed tomorrow.

12. PUBLIC COMMENTS – AGENDA OR NON-AGENDA ITEMS

Andy Dvorak, 1211 W. Stephenson, Freeport Illinois, asked whether those present at the meeting tonight could receive a copy of the City Hall survey results.

Mayor Gitz stated at this time he would like to give the council and staff a chance to examine the survey because it was only received by them this evening. The survey results will be provided through a press release tomorrow and posted on the website as soon as possible on Wednesday.

13. ADJOURNMENT

Upon motion (Bush) duly made and seconded (Koester), the meeting was adjourned at 8:03 p.m.

S/ Meg Zuravel
Meg Zuravel, City Clerk