



City Council

City Council Chambers ♦ 524 West Stephenson Street, 3rd Floor ♦ Freeport, IL 61032

**COMMITTEE OF THE WHOLE
MINUTES
REGULAR MEETING
MONDAY, MAY 9, 2016 AT 6:00 P.M.**

CALL TO ORDER

The regular meeting of the Freeport, Illinois, Committee of the Whole was called to order in council chambers by Mayor James L. Gitz with a quorum being present at 6:42 p.m. on May 9, 2016.

ROLL CALL

Present on roll call: Mayor Gitz and council members Tom Klemm, Peter McClanathan, Art Ross, Jodi Miller, Patrick Busker, Sally Brashaw, Michael Koester and Andrew Chesney (8).

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was previously led at the special meeting so the meeting was turned over to Alderperson Ross. He then became the chairperson of the meeting.

PUBLIC COMMENTS

There were no public comments at this time.

APPROVAL OF MINUTES

Alderperson Koester moved for approval of the minutes from the meeting held on April 11, 2016, seconded by Alderperson Chesney. Motion prevailed by voice vote without dissent.

FY 2016-2017 Budget Presentation and Discussion -- (up to 15 minutes with a discussion period following each presentation)

- Community Development and Mayor
- Finance, Human Resources, Clerk and Treasurer
- Legal and City Council budget
- Other Budget Issues and Updates

Community Development Director Alex Mills stated that the department budget as related to the general funds budget is a no frills budget and reflects what they need to run on a day to day basis. He provided a general summary of what their department does including review building plans, issue

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permits, building code and construction inspections, seek and apply for new grant programs, administer existing grant programs, administer the rental registration program including the enforcement of it, enforce nuisance codes and issue warnings, fines, and citations for violations, provide program compliance oversight monitoring for the federal 5311 state DOAP grant program funding public transportation program, administer zoning code amendments, special uses, variances and appeals in conjunction with Planning Commission and Zoning Board of Appeals, administer Enterprise Zone and TIF incentives. Director Milles provided goals for his department for the next year; to aggressively pursue more demolitions of blighted, dangerous and unsafe residential properties, focus on corridor enhancement through some intergovernmental and other cooperative programs along with building and nuisance code enforcement in those corridors, for the grant programs focus for economic improvement and some housing stock improvement if possible, for public transportation program to pursue additional service contracts and attract more local match opportunities, and for the building department to work to further inspections and registration on commercial properties specifically in downtown area.

Aldersperson Miller stated the council approved \$20,000 for a5 initiative and questioned if that is part of Community Development or where is it. Director Mills replied that is in downtown TIF, not Community Development. Mayor Gitz responded it is stand alone. He spoke of a recent meeting with different stake holders; Downtown Development, NIDA, City Centre and Convention & Visitor Bureau, along with Alderman McClanathan and they want to have additional meetings on funding. So it deferred specific recommendations on funding allocations for different organizations until we have that meeting. He spoke of the sacrifices and choices to be made and the intent to do that, but to work the process first.

Aldersperson Miller stated speaking of those groups are we going to look into any further depth where duplicate services might be. Mayor Gitz responded that is a very worthy discussion to have and that is an issue that was raised in that meeting. They were provided with copies of the councils previous resolutions in that meeting that outlined activities allocated to each organization looking at what things stand and what might be subject to change.

Aldersperson Miller asked what the NIDA commitment is and where does that come out of. She also asked if it is resolved what we are doing and are we budgeted for that. Mayor Gitz responded that NIDA has a contract with City that calls for \$100,000 of funding but also contains the language that always accompanies our contracts; subject to appropriation. The present NIDA contract specifies specifically that their funding primarily come from TIF. It states that in the event that there are activities, and Route 26 and 20 projects might be an example of that, that are not TIF fundable, it can come from the general fund with prior approval. He stated that contract still in effect. He stated he does not see that being modified in any dramatic way. We have 5 TIF's and even if you discount NIDA's role in the downtown TIF we have lots of project areas that he thinks we would all agree that we want economic development to be centered. He stated he doesn't see a real problem with TIF eligibility contrary to some other opinions. He spoke of having to work out some invoicing issues that have been pointed out to us. He stated we also have to have a discussion about other projects and if NIDA will coordinate how will they be funded.

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There are some things that need to be looked at that he has concern that they are being rated a lower priority with one of them being retail development. Some of these conversations have already taken place but are not complete.

Aldersperson Chesney asked Director Mills where we would find demo expenses in budget. Director Mills responded in fund 36.

Aldersperson Chesney asked if that was Community Development. Director Mills responded 01-49 is Community Development and 01-53 is Building and that demo is separate housing fund.

Aldersperson Chesney stated the way he reads we appropriated \$163,000 FY16, as your department is largely responsible for demolitions and you are at \$125,000 are you anticipating slowdown in demo process and to explain what is reason we are going to see reduction.

Director Mills explained that FY16 36-00-544 specific line item funded demolitions of \$125,000 and included potential new account for building maintenance so they were limited to what could be used and that is what they have done again this year.

Aldersperson Chesney asked for explanation of request of \$9,000 for outside legal fees. Director Mills replied that is for enforcement of the rental registration program for fees levied and will continue to levy. He spoke of envisioning combination 01-49 and 01-53 to combine in comparison with last year's budget of \$372,000 and this proposal is \$319,000 which is a 14% reduction of \$53,000.

Aldersperson Klemm asked how we can justify when someone buys a tax property and all of the sudden it becomes the problem of City of Freeport when it falls down or becomes unsafe. Discussion was held regarding the fact that it is not just a building that might come down but how it impacts other properties around it and that the City then needs to step in and reinforce or it could also collapse. Mayor Gitz spoke of needing to know what the desire of the council is on downtown buildings that are interrelated to others. Mayor Gitz asked if we want the downtown to implode all by itself or save buildings that add to tax base? Discussion continued on at what point you say if you buy a bad piece of property then you are liable for it. We can take a building owner to court and the court will give an owner up to 45 days to repair, then if they have no resources then we face the risk of building imploding and affecting innocent parties with adjacent properties. Example was provided on what happened with Jackowski building where he told the courts 1) I am in court on insurance 2) I am an innocent party 3) I have no money. We repaired the wall not because we were unwilling to go further in our negotiations but due to structural engineer recommendation that it would probably not survive another winter. The wall was repaired according to the specs and filed a lien on it which we can still work through and foreclose. Mayor Gitz asked how are we supposed to respond to imminent emergency and what do we do. Discussion was held on inspections happening currently with the City Centre, how to respond to information that comes in and how to proceed going forward.

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Aldersperson Klemm asked what kind of funding we are talking about and what is in the budget for this. Mayor Gitz recommended we put money in contingency in the appropriation ordinance for the unforeseen.

Mr. Mrugala advised there is \$170,000 in budget totally. Mayor Gitz stated money for the buildings is in the spending plan for the TIF, so we are not spending general fund money yet.

Aldersperson McClanathan asked for clarification for the large reduction in the line item for professional consulting services and whether the idea behind it is because we now have a full time Community Development Director and that many of those things will be handled by that position and staff. Director Mills responded yes.

Aldersperson McClanathan questioned the \$9,000 legal fees for enforcement, what is the nature of problem, the dollar amount that we are generally dealing with and where is this arising from. Director Mills responded there is a small group of non-compliant landlords in respect to the rental program who received proper notices but refuse to register. The funds are for things to do to get them in compliance. He stated the need to send a message that this is the program we have and they need to comply.

Aldersperson McClanathan asked if the money not in compliance exceeds the \$9,000. Director Mills responded yes.

Discussion was held regarding the rental registration program anniversary being June and that the renewal process has started and will be same as last year with a \$19 renewal per unit.

Aldersperson Chesney questioned if the vacant former Eagle's buildings on West and South are registered as vacant building and referenced an ordinance passed 9/2/14 and questioned how many vacant buildings are registered under this ordinance. Director Mills responded that to his knowledge the Eagle's buildings are not registered and that we have an inventory from downtown area and he is in starting process of drafting letter regarding structural failure before they become bigger problems and it was determined the number of vacant buildings that have been generated since 12/1/14 is approximately 10.

Aldersperson Koester asked if the money in the budget for demo does not include recent grant. Director Mills responded no, it does not. Discussion was held that the list of Round 2 has not been released yet but they are in final stages with non-profit partner of submitting documents. He stated the conversation for the properties owned by county tax trustee will be had and also with some owner owned properties so the program can be explained to them.

Aldersperson Chesney asked how we address problem of blighted buildings as many have been sitting vacant for a number of years. We don't know about them and then it falls. He spoke of addressing

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vacant building ordinance due to only 10 being registered and that he sees that as partial reason why we are seeing them falling over. This is at a great risk and cost to tax payers and he encouraged to be looked at how ordinance can be implemented.

Mayor Gitz spoke of not disagreeing but in fairness to Director Mills the problem is of resources. In order to make the budget work we have had to reduce Community Development and the Building Department. He stated if we make this priority, we could find someone on limited contract to push this out if council would be willing to do that. He spoke of wanting to see them identified, posted on list, and having a letter sent with plan. He spoke of the building that was referred to being a little more difficult as there are some development plans in the works that may take care of that. He stated all of us would like to see something more than we have. If council is interested in exploring that we could provide some options to speed that process. He asked for feedback from the council.

Aldersperson McClanathan stated a presentation of options would be beneficial and that we could go from there.

Aldersperson Chesney also spoke of council being open to any ordinance not being addressed to see proposals and given the option to say yes or no to strategy to address.

Aldersperson Koester spoke of giving the Community Development Director a chance to move forward on these and to allow more time for the department to get this done. He spoke of the time that the ordinance was passed and the director position being vacant for a period of time and that now that Director Mills in place even with limited resources things are moving forward.

Aldersperson Brashaw stated that we have hashed over the Community Development budget fairly well and asked if we were going to be going over the Mayor's budget as well.

Mayor Gitz stated we could move on to that at any time but he suggested we make sure there were no other things with Community Development that needed to be discussed before doing so.

Aldersperson Brashaw and Aldersperson Koester expressed frustrations of the budget being unclear and it being very difficult to ask questions on something that you cannot possibly decipher. Aldersperson Koester recommended a meeting to explain how to find things in the budget.

Mayor Gitz spoke of the need to have clearly defined topic and possibly drop some of these numbers and go to categories with an explanation. He explained that this is a work in progress. He stated he is taking notes of concerns to put into a narrative to lay out budget in far more detail. He stated there is a need for greater clarity to this. He spoke of having key issues to address and reformat budget to bring back to council so by the time we are done everyone is clear on where we are and what are the choices.

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Aldersperson Klemm spoke of one of largest problems is that everyone has Chromebook and can't do Excel on those. Let's simplify where we can understand numbers.

Finance Consultant Bernie Mrugala provided an explanation on how to read the budget as presented.

Aldersperson Chesney spoke of receiving budget information in a timely manner and not on a Sunday afternoon for a Monday meeting as that doesn't allow for proper time to review. He spoke of the need to see the history when making changes. He recommended the form used last year where you could go to the department and discern whether budget was going up or down and how they got to that number.

Aldersperson Miller spoke of her frustrations as well with the budget as presented. She stated why talk about numbers when we can't see them. She asked if she could present her thoughts on being creative on reducing expenses and generating more on the revenue end. She spoke of looking at other municipalities and of how they have combined their Water & Sewer and their Public Works and that her question to Director Dole is to save a little bit what are your thoughts on doing some combined work like equipment maintenance which his staff is good and maybe not strong point of Water & Sewer. She asked if when there is down time could Water & Sewer help trim trees and could we combine in emergency situation could you put guys with water main break or share for snow removal; could this save and have effect on budget.

Public Works Director Dole explained this is not the first time that was asked to have it looked at. He stated combining services is difficult because of the funding aspect of the Water and Sewer Department. He explained they currently exchange services like snow services and sharing truck with water main repairs. He stated that he can maybe look at a few, but we all have our jobs to get done on daily basis but in emergencies they do help each other. He stated in regard to equipment maintenance he currently has two full time mechanics that do equipment maintenance for Public Works and Police Department. He stated that might be tough to do more without additional staff however, he could look at adding a person and do that.

Aldersperson Miller spoke of this being a last minute thought and she just wanted to throw it out there to give thought on what could be shaved off budget.

Director Dole said he is open to look at anything and to encourage Mr. Glendenning to do the same.

Aldersperson Koester spoke about his concerns for combining services while he thinks it is a great idea he needs to play devil's advocate and question when you are dealing with two different unions and two different contracts is there a crossover problem.

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Director Dole explained that the unions are the same; AFSCME which covers Public Works, Water & Sewer, Telecommunication and the Library. The difference is in the level of training and experience needed in fields.

Mayor Gitz spoke of making sure council is aware if we are going to look at this that there is an important consideration that forms the background. Water & Sewer is segregated; it is an enterprise fund. They run off their revenues and we don't supplement with general fund revenue nor do we take Water & Sewer revenue and transfer to the general fund. It is true that the accounting functions that are performed are charged back to Water & Sewer. When it comes to manpower several things presently happen; when we have snow emergency it is not just the correct manpower from the Street Department that answer the call but in addition there are people with CD license that answer and have assigned jobs. From time to time if there is a patch that needs to be fixed after water and sewer main is repaired (depending on situation with manpower for Water and Sewer department), the Street Department may very well step in and complete the patch. There are tradeoffs with manpower back and forth on a lot of different projects. We don't maintain an invisible wall where we don't work together. There is considerable coordination between departments. The concept of down time is largely delusory. Water & Sewer will be losing three people and only replacing two of the three due to costs coming from hiring a single person at lower pay grade and that amount is estimated to be \$85,000. There is a willingness to look at any option but creating a Public Works Department has been looked at in past and was not done. These departments do not operate separately but do however work with constant coordination.

Aldersperson Chesney spoke about revenues and that at last meeting council wanted to look at 1, 2, 3% cut in discretionary spending. The budget while balanced shows we are going to be taking approximately \$400,000 and moving from general fund. He questioned Finance Consultant Bernie Mrugala if he had a chance to get with the departments to look at that.

Finance Consultant Mrugala stated to reduce current budget is all labor related. Labor has benefits tied to it; Social Security, FICA, IMRF and those percentages can't change. You can reduce people count but we will be impacting services. There are some difficult decisions to make. The \$400,000 is being used to pay back some of pension liabilities. Where do we go with that going forward? If revenues do not come in we are in trouble but not in as much of a bind as we think we are. This year is here, not a lot we can change about this year's numbers with the exception of reducing people count. He spoke of having better control over next year's budget and should start in November time frame. Any percent's that are cut are going to be taking out of people.

Aldersperson Miller stated she recently was made aware of almost \$500,000 being brought back into county due through an error, specifically \$61,000 for City of Freeport on personal property replacement tax allocation error estimates in 2014 under Quinn administration and asked Mr. Mrugala if he was aware of that.

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Finance Consultant Mrugala responded that he was aware and that he has reduced that revenue source to compensate for that. They overpaid us so they are going to want that money back. We are not going to get that; we are going to have to give back \$63,000. His understanding in this legislative period nothing will happen but they are going to want it back. The budget he produced reflects lower replacement tax for next year. Alderperson Miller said the website made it sound like the opposite. She stated this will need to be double checked.

Mayor Gitz stated there is money that comes to the City by act of the General Assembly through the personal property tax replacement. At the time originally approved in 1970's an election was made by municipalities as to how it would be portioned and a substantial portion but not all goes toward pensions. We will receive money from personal property replacement tax but we are also on notice that within two years we will have to repay \$63,000, so that is factored into the budget. This simply means they will adjust this coming year's revenue downward and we will have two years to repay.

Alderperson McClanathan spoke of percentage coming out of labor, if you take out labor, realizing the vast majority is labor if we did 1%, 2% or 3% outside of labor was the question that Alderperson Chesney was asking realizing this is difficult to do across board as every department is different.

Finance Consultant Mrugala spoke that some of the departments have already reduced non-labor costs. He explained that in most cases the numbers have not gone up at all.

Alderperson McClanathan asked the question that since they had numbers that nothing has done further.

Finance Consultant Mrugala explained that he doesn't think 1% or 2% is going to make significant difference to budget lines. He spoke that he felt the numbers were done well by department heads.

Mayor Gitz posed a question to Alderman McClanathan; in many cases we have gone through departments and made adjustments downward. There may be other expenses like contracts that are going up. He asked if he was looking for 4% that is non-personnel related off of the original appropriation or on top of cuts that have already been made. Mayor Gitz stated he is more than happy to discuss this at the staff level about this idea of the council and 4% in non-personnel. He noted the comment back may be that it is not a very good idea. We want to retain training for example in Police Department assuming that is not considered a personnel expense. In Public Works we want to retain patching and other commodities that they use to carry out department activities. If the desire of the council is to say let's see what that looks like he will provide a detail generated by the departments. He asked whether for Community Development we have already reduced that \$14,000 off their budget so would that be on top of that or count towards it.

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Aldersperson McClanathan stated that on one level doesn't matter, if you want to take in consideration that is fine. He stated when looking at each department he felt they could come back with some suggestions with more targeted things. He stated it is not as efficient to say take 4% and figure it out. Another option is what it is and if no real movement then might be in position to review. He stated this was brought up as to what these would generally look like with the question being have we looked at this and if where we are at what additional cuts look would like.

Mayor Gitz suggested operating with the staff under the assumption of trying to maintain services at a level that makes sense and balance the operating budget minus the increased pension contribution that is not going to come out of property tax. The way things stand right now we have made adjustments in every department where we thought we could make cuts and the departments have been involved in that. Some of those cuts include not filling vacancies. Because so much of this budget is personnel based it is really very difficult to say we are going to maintain personnel but we are going to cut everything else. In the case of some departments it is really almost impossible because they need those things in order to function. We can go through that exercise and give you what the departments think. The larger question; that at the end of these presentations that the council asked to give us direction on is this, we made a decision together in December that we were not going to raise the levy and for the first time we don't have any real money on pension payments to come from only property taxes. We have somewhere between \$400,000 and \$600,000 that has to transfer from somewhere to make that payment. Our thought was that we exceeded revenues over expenses by \$500,000 at the end of the fiscal year last year. Does it make more sense to pay some of the money from that savings towards pensions as opposed to making \$400,000 worth of cuts? We are actually trying to bring that number down in terms of the transfer but we think that in order to meet requirement we have to think far bigger than 4% in budget. He asked the council: 1) do we close fire station, 2) do we lay off some police officer or 3) do we cut street department in half. He explained in this budget one employee across the board costs the City around \$85,000 and in the case of a policeman that figure is \$107,000, fire is \$110,000 to \$111,000 so those are the places where a single action makes real difference and he is looking for some guidance on what parameters you are looking for.

Aldersperson Koester stated he has been with City a long time and in the past 10 to 15 years everything has been cut very deeply even to the point where unions were asked to suspended pay raises to keep things moving forward. We are looking for money that just isn't there. There may be little cuts here and there but not the kind of money we are looking for. The cuts that are we are trying to make have already been made and there is not much left. Do we want to cut workers or find another was to generate revenue to keep the services the City deserves?

Finance Consultant Mrugala stated he rearranged the database and could now answer the questions asked; \$1.95 million dollars in contractual services, 1% is \$31,000, commodities we have a little over \$ 1 million, 1% is \$40,000. \$8.8 million is personnel services; \$6.4 million is benefits, capital outlay a little higher at \$3 million. There may be some things we can cut but this budget is pretty much bare bones.

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Aldersperson Klemm stated keep in mind we are already losing policeman, positions not being filled and same with fire. He explained he echoes with Alderman Koester that the low hanging fruit is already gone. He stated in past he, Meg and the mayor had given 10% back. He spoke of these discussions being valuable so if we can do anything to save we need to talk about them. If we are losing one policeman and need x number of recruits those are things we can talk about after we get this trimmed.

Discussion was held on council frustration over not being able to look at the numbers or understand the numbers on the budget. It was suggested that council be provided a quick summary.

Mayor Gitz provided an overview of his budget and stated the first thing to notice about this department, as in all departments, legacy costs are included. Legacy costs last year were put together in interdepartmental. Now they have been recorded in this by department. First thing is to look at the bottom line number and keep in mind that about \$60,000 of that is legacy costs. If you were to subtract out legacy cost the total budget is actually \$6,000 less than last year. Salary for elected officials is set by ordinance so this reflects that slight increase in the ordinance but there is a subtraction for the salary reduction in the secretarial assistant. We have also adjusted a slight downward in education, training and travel to economize. You will notice that last year a lot of it was not used he did everything that he could to absorb those costs where he could. He does serve on some boards and commissions including the Risk Management Pool so there is a certain amount of assistance with travel that is expected of him as a member of the Illinois Municipal League Board and its Executive Committee. If you looked at commodities and a lot of these other items you can see this is truly bare bones. He noted that we still need to discuss costs for the move.

Finance Consultant Mrugala gave a narrative of the Finance Budget. He spoke of having projected in a Finance Director who hopefully will be coming in shortly and he placed in the budget cost for him in there as well. He added dollars for a new server to replace the outdated server 2003 that is no longer supported by Microsoft along with some dollars for software for purchasing updates to better control costs before they happen and have the system help along the way. He also wants to bring all revenue in and have the system do miscellaneous billing and have a better track of accounts receivable. He spoke of not currently being able to track Water & Sewer and Community Development receivables and that it is in the portion of the MIS budget to be able to do that. Staffing is currently at two people; Michelle and an assistant and she is very overworked at this time with the transaction processing. He noted all of payroll for last year has been accrued.

Aldersperson McClanathan asked if the \$75,000 is for server and software does that software also help in communication with some other systems. Finance Consultant Mrugala replied no, \$75,000 is for audits and some of that are his costs. Audit did not go into interdepartmental where it was last year. Aldersperson McClanathan asked the mayor if we had the requested feedback from bank yet regarding suggestions and when will be able to discuss that. Mayor Gitz replied the bank was unable to meet last week and he would like to be able to meet with them and then provide that information.

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Finance Consultant Mrugala provided the narrative for Human Resources stating that it is pretty much the same as last year with minimal cuts. Medical services increased \$200 for pre-appointment physicals, technical services, background checks, advertising, education and travel had small decreases. Books and periodicals increased by \$550. We are looking at less than \$1,000 in changes. He spoke of the need for a good Human Resources software package which could track certificates, training, resumes and items of that nature. This is in the plan for some time next year and trying to find an integrated system that all department heads could use for efficiency. Software is currently in the Finance Department and it should be in Human Resources.

City Clerk Meg Zuravel explained that when budgets were developed the department heads provided a copy of the narratives so if anyone would like a copy she can provide that. The budget did go up due to addition of the Deputy City Clerk as far as her salary to cover that. City Clerk's salary went up \$850 due to ordinance passed in 2012 for salary adjustment. She then explained that if the City Clerk were to leave, a new person would be brought in at the same salary but they would not receive the adjustment of \$2,500 due to her clerk certification. Mr. Mrugala put in benefit cost in those salaries. Other line item for contractual services completely stays the same. She explained she is required to publish the City Treasurer's Report as part of her publication budget line item and that cannot be changed because the State requires us to publish it. That amount accounts for a large portion of that for publication in addition to bonds and ordinances that do have to be published. She noted we are required by law to do so that can't be reduced. As far as printing line item, we have had to use that in past for brochures for the public. In the line item for education, training, travel it was reduced in the last couple years and is used for training that the Clerk receives because no one else in the City that does this job. She explained that training is through the Municipal Clerks in Illinois and International Institute of Municipal Clerks. For the line item for books, periodicals and memberships she has software that is used for digitizing documents and that has a licensing agreement. This software allows us to do searchable text of documents. Supplies have remained the same even though another person coming into another department. As far as equipment and fixtures if we do move into new building she will need a desk as what she is using now is part of the 524 building.

Aldersperson Chesney commended City Clerk on the budget presentation and noted he was happy to see the council was able to get additional help.

Aldersperson Brashaw stated she hoped we could find the money to get the City Clerk a desk in the budget. City Clerk Zuravel explained there is \$1,000 in budget.

City Treasurer Linda Buss explained her budget showed salary that is dictated by ordinance and this year includes benefit costs. Besides that she has seven other line items which includes new this year \$100 for equipment repair that is for the safe that is in her office that due to the age of the safe the funds are for repairs of the dial that is not working properly. Also, this year she has to order receipt books that are

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needed every 2 – 3 years for \$300 and she purchases these for 2 or 3 years at a time to save costs by purchasing in quantity. Training stayed same at \$1,750. There is a bond which she is required to have by law remains same at \$366, \$90 is for membership fee for the City Treasurers, \$300 in office supplies which includes the three toners at \$75 each and \$525 which is for gasoline for reimbursement for travel to the banks every day with personal vehicle.

Mayor Gitz provided the narrative for the Legal Department stating last year the total appropriated was \$373,000 and the estimate is \$223,504 representing a \$150,000 decrease. He explained there are some assumptions in this and that he has asked for proposals on labor negotiations and he is waiting for law firms to send back what they will charge us to complete the fire negotiations and estimate as to what it would cost for arbitration and explained there are two parts to this one is to complete the negotiations and one is to go to arbitration to prepare for that as a contingency. The numbers are pretty much same for prosecutorial services which are by contract now. He explained there is a great unknown with outsourcing everything and how much that will cost. He has tried to take the number and plug in and realizes the council wants to see some savings and gave assurance that we are being very careful in what is sent to legal as we can't afford to pay everything on an hourly basis. So short of a package deal that is also being sought these are numbers that are soft but could work.

Aldersperson Chesney asked for verification from Finance Consultant Mrugala that the \$339,102 in legal last year did not include legacy costs. Mr. Mrugala responded it does not include legacy costs.

Aldersperson Chesney then asked if you add the legacy costs of \$44,000 when you split the Deputy City Clerk/Paralegal that has now been moved over with legacy costs plus or minus \$65,000 what did we spend on legal in 2016. Finance Consultant Mrugala responded \$400,000 with legacy costs.

Aldersperson Koester spoke of legacy costs being part of the cost of doing business. If we are going to start looking at reducing people to reduce legacy costs we are going to lose all of our professional people and end up with part timers that may or may not know what to do. We need to be smart about this and budget correctly. He stated to look at department just to get rid of legacy costs is not being very responsible.

Finance Consultant Mrugala explained the numbers are correct to large degree but keep in mind that a lot of the outside services at the time were because situation that will most likely not occur again. We had hired more outside than we would have typically had it not been for health issues. We are comparing apples to oranges here and we have to be careful in all of these assumptions.

Aldersperson Chesney stated recently the City Council put in place a contracted attorney with the supported legal opinion that it would be implemented in the 2017 budget. He sees in the legal department budget that you still have an employee with an employee rate of \$85,280 and with a legacy

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cost of \$44,224. He stated he believes it is the will of the council to get that moved to outside legal consultation.

Finance Consultant Mrugala stated that would be up to council and this was put in just in case we found legal counsel that would support and be cheaper.

Aldersperson Chesney stated in addition there are also a number of items that can be removed. We will no longer have to pay for books, periodicals, membership, office supplies and additional fees related to in-house counsel. As the will of council to be implemented he would like to see this particular change to reflect what we are looking to do.

Mayor Gitz stated he understands what the will of the council is but the legal opinion on effective date stands. It is the official position of the City so you can do one of two things; you can argue about effective dates or we can look at the bottom line. The real number that counts is the bottom line on legal. There is \$150,000 that is peeled off of this to try to have some kind of bare bones legal representation of quality for the City. You can chip away at that but in the final analysis you have to ask yourself how we are going to provide for needs of the City. Under the line item for legal periodicals he asked if we are saying that the staff, which is going to be even more dependent on what they can and can't do in the absence of legal counsel, are we not going to order any periodicals or send anyone to training. Let's take HR for a moment. Every time that she's going to make a decision or step on a grievance she went to corporation counsel to discuss and she could give counsel and advice to make sure done properly. Now we don't have that. Now we have to ask each step of the way is this something that we can take to outside counsel or do we need to figure out how to get around it and take a chance so you can decimate this budget and tell yourself we have gone from \$400,000 to less than \$100,000 and say we have a \$300,000 savings and pat yourself on the back. He asked what will be the result of not having decent legal representation for the City. This number has to be sufficient regardless of the number chosen to provide the necessary resources for the City. He stated it is a mistake to quarrel over individual line items. He stated we have reflected the bottom line that we think might work but we are waiting for proposals. He stated go ahead and take out periodicals and take out prosecutorial. We just won't prosecute ordinances if that is will of council. The fact of the matter is that there has been a profound disagreement because of the value of in-house counsel and what was related today is we don't know if we can even meet these numbers. He explained that making decisions on collective bargaining negotiation matters does not come cheap. We achieved a very profound breakthrough last year in the AFSCME contract by hours and hours of negotiations and mediation and that was conducted by our in-house counsel. Now every hour that is spent on negotiations to finish Fire and start Police will have to be billed on some basis. No law firm that he has found is willing to say I will give you a package deal for doing your negotiations because it is a laborious process that takes hours of effort and many meetings and then when a mediator comes in it takes additional time because the mediator doesn't negotiate the contract but is a go-between between the parties. If at the end there is not an agreement, then it goes to arbitration. He spoke of not knowing the will of the council as it relates to these contracts

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and spoke of having preliminary discussions but not extensive ones. He explained the collective bargaining component of this is going to be fairly expensive and we should have more precise numbers shortly. Mayor Gitz stated the bottom line number being important one and that it does not reflect the numbers for collective bargaining. He stated it reflects a low ball number added to what he feels will be minimum counsel. It is true that in-house counsel is related within the budget; technically it is valid but doesn't propose opportunity to do contractual. It says let's look at this both ways.

Aldersperson McClanathan stated he felt Aldersperson Cheney was largely with the exception of some \$10,000 in periodicals and things of that nature just asking if the funds put in personnel and benefits would be better placed in contractual, not eliminating. He spoke of not hearing of taking down to \$100,000 and asked to look at this calmly and collectively as to whether to leave \$85,000 and \$44,000 where it is or do you want to put it in contractual and move forward.

Aldersperson Chesney spoke of the best way moving forward is with contracted legal. He stated that if we trim \$150,000 from budget then something doesn't add up; he stated the mayor said we only spent \$200,000 last year and now we are acknowledging \$400,000 so that is important dollar to note. He stated he sees this and this is not contracted legal services. He spoke of seeing the \$85,000 and \$44,000 and stated his question is shouldn't that be in contracted legal to mirror our ordinance.

Mayor Gitz spoke that he never said this year's budget was \$200,000 but that the \$200,000 was an average over the past five years and was used to show a trend to show difference from the last year which had a different set of circumstances. He spoke of the issue of effective date and the law is the law on that and the opinion you were provided was clear on why the outside opinion that was not sought by the City was false. The question here is not arguing overall numbers but what is an adequate bottom line to provide legal services to the City. If we can do that effectively by contracted counsel which he is highly skeptical of great, if that number is higher than \$200,000 and you are willing to pay it then that is good but if there is an acceptable alternative that is less expensive to that and involves in-house we ought to consider that as well. For some reason legal expenses have become a contentious issue for the City when in fact we are making a lot of changes that are not going to come easy and that starts with labor contracts but is not limited to them. We don't look to be sued but when we do we have to be able to respond. He spoke of only asking to think about numbers of what it is going to take and also be open and frank that contracted legal might not be the bargain that people have pictured it as. He spoke of only wanting effective legal counsel.

Aldersperson Klemm stated he appreciates some of what the mayor said and spoke of 7 people saying they believe they can outsource legal and be effective. Three aldermen have come forward and asked to talk about RFP to go out and it has not happened. He stated that as far as some of the aldermen are considered we don't have a legal department. He spoke of his hope to find a way to move this forward on a mutual basis and get some work done.

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Finance Consultant Mrugala stated his personal feeling is that a mistake was made.

Aldersperson Chesney called for point of order that it is not role of finance consultant to inject himself on public policy and asked to move on to city council budget.

Aldersperson Chesney stated that the only observation to make is first to Mr. Phillips that we have the ordinances that need to be updated traditionally every 3 to 6 months and comes out of council budget. What does that look like and when is that going to be done again. City Clerk Zuravel responded that was just done in October and the Deputy Clerk just advised the other day that it was in the process of getting put together so will be ready within the next month or so.

Aldersperson Chesney posed to council that in light of the ordinance that was passed at last meeting what dollar amount do we want to allocate for professional services under our body recognizing that money appropriated isn't money spent. There was a desire to place a dollar amount there that is not currently in the budget so what is the will of the council and what should that dollar amount be.

Aldersperson McClanathan would like this to be a relatively low number and indicated when passed that it is limited in use and intent and that there would be further discussions on this.

Aldersperson Chesney stated that council should decide what is limited and what directive do we give finance as to what is to be incorporated into budget.

Aldersperson McClanathan stated for purposes of discussion down the road he would throw out \$10,000.

Aldersperson Miller asked if the intent was to not increase expenditures but bring this over from legal.

Aldersperson McClanathan spoke of this needing further discussion down to road and to not be putting in a number tonight.

City Clerk Zuravel stated she was looking at the ordinance codification and typically we have not been spending the \$9,100 that is in that line item so perhaps we could take \$1,000 out of that line item and put it into what you are asking for.

Aldersperson McClanathan spoke of education, training and travel also being at least \$1,000 lower so we can look at that as well.

Aldersperson Busker spoke of problems with Chromebooks and being able to see the budget asked if we wanted to consider other options for computers at this time or are there other options.

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Aldersperson McClanathan thinks that we should look at compatibility as Chromebooks have been helpful rather than add something else.

Finance Consultant Mrugala stated there may be enough to be able to deal with that from the MIS portion and this hardware is relatively inexpensive.

Aldersperson McClanathan questioned government building section for capital outlay \$2.495 million and stated assuming the vast majority of it is for the Carnegie and questioned if we are assuming any other capital outlays in that number or what fully comprises that \$2.495 million.

Finance Consultant Mrugala stated some is allocated to fixing up old city hall and some for Newell parking lot.

Aldersperson McClanathan has general question regarding capital expenditure plan asked if he could indicate current balance and what projected annual income so they can see our five year plan and how it is going to affect it.

Finance Consultant Mrugala stated that is a multi-funding source and we are talking about one particular fund and that is why he took it out. This is a five year capital plan funding back more than one source.

Aldersperson McClanathan asked could we have for reference capital equipment balance and what is projected annual.

**REQUEST FOR ORDINANCE FOR HOME RULE AUTHORITY FOR BOARD OF FIRE AND POLICE
(REGARDING RESIDENCY POINTS & HCC CRIMINAL JUSTICE PROGRAM)**

Chief Todd Barkalow referenced his and stated this basically came about because of turnover with the police department. He explained since 2000, the police department has lost 46 officers with 10 years or less experience; 16 candidates have left for another agency, 17 have failed FTO program or academy, 9 candidates have left Freeport for other law enforcement, 4 left for other reasons. He stated we are trying to put the emphasis on homegrown to award preference points for candidates already living within city limit by awarding 2 points and award points for candidates who complete Highland Community College in addition to joining the auxiliary program. He stated they currently have 3 students enrolled who are going through auxiliary program so they can already see this is starting to work and if moved forward he will be working with special counsel to prepare an ordinance.

Aldersperson Koester stated we have discussed in the past giving preferences to business and he thinks it is a wonderful idea to support local workers in Freeport.

Alderman Klemm expressed his surprise at breakout numbers and had one concern about 16 that went to other agencies and wondered if it was for more money or they basically don't like it there.

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Chief Barkalow explained he can only speculate but the majority of time in those cases it is not only for the money but it is because they are leaving to get closer to their hometown. We recruit on police websites at colleges and are testing at colleges so we are bringing bright kids that we get and they come through the academy. We hire them and they might have intentions of staying at the time. We train them and when something opens up closer to their homes they go there.

Aldersperson Klemm spoke of always having thought we don't do enough if an officer goes someplace to have them pay back training. He asked if we are going to change can we do something to add that also.

Chief Barkalow stated we currently have officers agree to pay back \$6,000 if they leave within 1 year. We have had outside attorneys look at this in the past and they cautioned us that it can't be punitive. Right now when we send officers to academy it is essentially free and is reimbursed. We can possibly tweak to extend and possibly be within first three years of leaving for pay back.

Aldersperson Koester made a motion to move forward to next council meeting for approval, seconded by Aldersperson Chesney. Motion prevailed by voice vote without dissent.

Aldersperson Busker questioned if the budget for auxiliary is adequate for this program. Chief Barkalow responded yes.

**REQUEST BY THE FIREWORKS COMMITTEE TO ENTER INTO AN AGREEMENT FOR THE JULY 3, 2016
INDEPENDENCE DAY FIREWORKS DISPLAY WITH MELROSE PYROTECHNICS, INC. AND FORWARD TO
COUNCIL IN FORM OF A RESOLUTION**

Aldersperson Koester stated he contacted four different fireworks companies and Melrose is the only one that had the equipment available for that day for what we wanted and to do the fireworks synchronized to the music. Several other companies could provide music but not to synchronize with the fireworks. We will have a very intense 20 minute show with a finale for that money. He does not have a figure on the funds raised until next Monday. They have been moving forward with fundraiser and Jenny Devine is going to be assisting with that.

Aldersperson Miller provided a recap of last year's fireworks bids being \$12,000 from one place and \$15,000 from Melrose and council approved \$12,000. She noted \$6,000 of that came out of city budget. She questioned why Melrose would increase \$5,000 from one year to next and with not knowing what fundraising efforts what will be, what is the plan be to pay for it.

Aldersperson Koester stated his understanding is maximum amount they can request from city is \$5,000 and rest is up to committee. The increased number was decided by the committee to request \$20,000 of fireworks in efforts to improve the fireworks and make this a festivity to bring more people in. It wasn't that Melrose increased pricing it was what was requested. He stated they are hoping not to need \$5,000 from City.

Aldersperson Brashaw made a comment for the public that if they want to make a donation for the fireworks that they need to write NIDA on the check as they are the channel for fundraising.

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Aldersperson Koester noted that is correct and that in the bottom of the check donators should write 2016 Sky Concert. He spoke of the website *freeportskyconcert.com* and donations can be made through there as well.

Mayor Gitz explained that in order for the risk pool to cover this event, the contract has to be with the City from Melrose. Private party can't contract for the fireworks and then the City will provide the risk pool coverage. We don't have to provide additional cost for that coverage and wanted everyone to understand that the liability issue is a real one and this is how it has been covered in the past plus there are some additional permits that have to be filed with the State fire marshal office and also the City. You are doing more here than simply allocating \$5,000 but by implication agreeing that we will be the contracting party for the fireworks in order to cover the liability issue.

Aldersperson McClanathan asked if city is contractor and what happens if we are short in fundraising whether that comes back on the city.

Aldersperson Brashaw made a motion to move this forward to next council meeting in resolution form and if for some reason we don't have satisfactory answers we will vote it down at that time but to move it forward in a timely fashion that is her motion, seconded by Aldersperson Klemm.

Aldersperson Koester explained that due to some connections of people on the committee they are behind and he stated that as soon as this one is over they will start on the following year's event.

Aldersperson Chesney asked Alderman Koester to email the council what funds have been raised so far.

Aldersperson Koester stated he would.

Upon no further discussion, the motion prevailed by voice vote without dissent.

Discussion was held on what information was being requested for next Monday's meeting and it was determined; what funds have been raised and any and all information in regards to this event would be appreciated.

DISCUSSION OF A DRAFT RESOLUTION FOR A TAX INCREMENT FINANCING COMMISSION

Mayor Gitz referenced a copy of the resolution in the packet to create a Tax Increment Financing Commission for the City south side increments district of which there are four. In addition he sent the council a memorandum over the weekend. As the memo indicates we have TIF districts that are doing quite well on the South side and we have other TIF districts like Burchard that from its inception have not provided much of an increment. He spoke of there being a number of different ideas and a number of different projects and not a clear priority. He gave an example that he feels we all agree that if possible to broker deal for the corner of South and West that we ought to do that. He spoke of having all of the infrastructure and streets in place at Burchard TIF but what we don't have is people interested in building. He spoke of discussion of developing areas to east towards the airport. He spoke of being intrigued at the discussion for the Downtown TIF that the Tax Increment Financing Act provides for the opportunity to have a commission. He spoke of having the ability of transferring funds from one TIF to another when we have a project. We have ability to provide extra money to a TIF if it has a development

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priority. He proposes this resolution as a topic of discussion and explained that a commission properly structured and focused could be of assistance to us in starting that conversation and making a prioritized plan where we have all of the 4 Tax Increment Financing districts working in synch with each other.

Aldersperson Brashaw asked if the Community Development Director would be in charge.

Mayor Gitz explained probably not however there would be a staff person available but this would be individuals brought from our community that we would consider important resources for development purposes.

Aldersperson Brashaw spoke of not being against and that she is just asking questions as unfamiliar. She asked if this commission would analyze funds being transferred.

Mayor Gitz explained that they could certainly do that and stated that in reviewing formulation of this commission we could do better job of describing its activities. He spoke on envisioning some mutual planning for the entire development area to meet apparent projects and how to move forward. He provided some examples of areas that need to be looked at. He stated the problem is we don't have a clear sense of how all the pieces fit and having a clear priority and that is what he is looking at the commission as being a mechanism to help do that. He spoke of writing in his memo that this would not come at the expense of our staff his idea was to have some of the right people on the commission that would be a very good supplementary planning tool to the existing staff and existing organizations like NIDA that we have not as a substitute to them but as a compliment.

Aldersperson Brashaw stated this is something that she has been looking forward to not personally but looking at ways to develop the housing area he referenced and spoke of a couple of districts that didn't have the funds to do so. She questioned if he was looking at having bankers and land developers on this commission and alder people.

Mayor Gitz stated his thoughts were of using more lay people on this commission however we can certainly discuss what kind of representation to be on this commission. He stated we did not need a lot of government people on this commission and of the need of a correct allocation of private sector expertise that we have in this community He thought maybe a few beyond that can be named to this commission. He stated he would be more than happy to have further discussions if council is in agreement.

Aldersperson Brashaw asked if items decided on by this commission would then be presented to council for vote. Mayor Gitz replied yes, that this commission would not have final authority and that they would be advisory as Ms. Riordan has been very clear in her memoranda to all of us; final authority for these expenditures and plans is the City government more specifically the mayor and council so whatever work they do they can't let contracts, they can make recommendations and spend time and give advice and then come back to council to be acted upon.

Aldersperson Miller spoke of being in support of redevelopment . She referred to item #10 and asked if we are getting ahead of ourselves to make resolution if for some reason we are set to go to more of a structured committee and then Community Development would have their own meeting every month.

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Mayor Gitz stated he did not think so. He stated the council is elected but does not have expertise it is going to take to help make joint decisions about the fate of the TIF districts and explained to him that is the value of this commission. Ultimate authority is here but you can draw on the expertise. You can consult with them individually and informally but he spoke of the value of the TIF district being to provide a formal mechanism which gives it a far more weight and authority and gives it the legal authority to meet together and do some constructive work.

Aldersperson Koester stated his support to have commission and feels a lot more can be done. He requested a rough draft proposal of how it is intended and to get that to council by next meeting so they have guidelines to review so they can move forward from there.

Mayor Gitz asked for more specifics on what is being asked for.

Aldersperson Koester responded basically what size commission, qualifications, and guidelines for operation.

Discussion was held to determine that the commission is to be a range and not specific to eleven members and there was some discussion about whether there would be issues having a quorum.

It was asked why this was presented in resolution form as historically they have been in ordinance form. Mayor Gitz stated that was on advice of TIF counsel and he would find out. It was also determined that this would be moved to the next council meeting allowing for time for review.

Aldersperson McClanathan spoke of the concept of the strategic plan being important. He stated if we have a TIF commission in place and something comes up with NIDA, would it have to go through TIF commission to move forward. Mayor Gitz stated no. He explained if we have a development moving forward and if we have a whole series of TIF recommendations that we have bought in to it and then something comes in from left field as being important enough, attractive enough and here is a unique opportunity and what do we want to do. He spoke of striking a balance and being uncomfortable with funds coming in and no prioritization and if we want to move money from one TIF to another which he is really intrigued by; what can we do to pump some life into the loss we have in Burchard as an example. He stated what is our mechanism for making our decision, what is our criteria and rationale other than will of the council so this is trying to put things in place to maximize those four TIF's because he feels this is the logical next step to what we have done which is to create the mechanism.

Aldersperson Chesney pointed to not seeing a term length and suggested that be added.

Aldersperson Brashaw made a motion to move forward, seconded by Aldersperson Koester. Motion prevailed by voice vote without dissent.

DISCUSSION OF AMENDING THE COMMITTEE OF THE WHOLE STRUCTURE TO FORM COMMITTEES AS REQUESTED BY ALDERPERSON BUSKER AT THE MAY 2, 2016 COUNCIL MEETING

Aldersperson Busker stated that in regard to time and not being prepared with presentation yet and he would like to postpone this to the June meeting of the Committee of the Whole. He asked for any thoughts to be emailed to him.

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Aldersperson Koester thought about going back to committees he doesn't think we need a committee for everything but recommends a committee to look over the budget to be studied line by line and perhaps one involving the TIF.

Aldersperson Chesney stated he believed there is a motion made to move this to the June Committee of the Whole. This motion was seconded by Aldersperson Koester. Motion prevailed by voice vote without dissent.

Aldersperson Chesney spoke of the merits of going to a committee structure.

PUBLIC COMMENTS – AGENDA OR NON-AGENDA ITEMS

Discussion was held on the budget format and it was determined to keep legacy costs in each department versus grouping them as interdepartmental.

Tom Teich, Freeport, Illinois spoke of placing 3rd place in Special Olympics and 4th place in softball. He asked the mayor if he went to the Nursing Home week and stated he has missed it. The mayor stated he had and it was very moving. Mayor Gitz asked Tom to let him know when the awards banquet is and that he will try to attend.

ADJOURNMENT

Upon a motion duly made by Aldersperson McClanathan and seconded by Aldersperson Klemm, the Committee of the Whole meeting adjourned at 9:37 p.m.

s/ Diane Kahly

Diane Kahly
Deputy City Clerk