



City Council

City Council Chambers ◊ 314 West Stephenson Street ◊ Freeport, IL 61032

MINUTES

FINANCE COMMITTEE OF THE WHOLE MEETING

MONDAY, MARCH 19, 2017 AT 5:00 P.M.

CALL TO ORDER

The Finance Committee of the Whole meeting of the Freeport, Illinois, City Council was called to order in Council chambers by Chairperson Peter McClanathan with a quorum being present at 5:00 p.m. on Monday, March 19, 2018.

ROLL CALL

Present on roll call: Mayor Miller and Council Members Alderpersons Tom Klemm, Peter McClanathan, Art Ross, Bob Smith, Sally Brashaw, and Andrew Chesney (7). Alderperson Mike Koester was absent.

Staff members present: City Manager Lowell Crow, Finance Director Randy Bukas, Director of Public Works Dennis Carr, Chief of Police Todd Barkalow, Fire Chief Todd Allen, Director of Utility Operations Tom Kopanski, Director of Information Technology Curt Suttman, FBO Airport Manager Darrell Janssen and City Clerk Dovie Anderson.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Chairperson McClanathan.

APPROVAL OF AGENDA

Alderperson Brashaw moved to approve the agenda and Alderperson Klemm seconded; motion prevailed by voice vote without dissent.

APPROVAL OF MINUTES

Alderperson Brashaw moved and Alderperson Busker seconded to approve minutes from [March 12, 2018](#), and the motion prevailed by voice vote without dissent.

PUBLIC COMMENTS

There were no public comments

ITEM #7 - Presentation of TIFs/Remaining Budget

Manager Crow stated the department heads have been doing a lot of work trying to trim their budgets and some items will be discussed in Executive Session. Some remaining items which will affect the budget were discussed. The only two Tax Increment Financing (TIF) districts that are still generating increment are Lamm Road and the Downtown TIF. An initiative from last year's budget was to generate a \$1 million bond. A sum of \$75,000 has been set aside from the Downtown TIF to fund that. US Bank is going to match \$1 million and several other banks are working to match another \$1 million. The Downtown TIF is budgeted to match \$10,000 from the Paint the Port fundraiser for a total of \$20,000 for the Façade Improvement Grant program. NewCo is also budgeted to receive \$25,000 from the Downtown TIF. The remainder covers existing RDAs and bonds. Lamm Road TIF has \$150,000 budgeted towards NewCo and West Ave TIF \$25,000.

ITEM #8 - Presentation of Updated General Budget Calculations

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The Downtown TIF has \$25,000 earmarked for professional services, \$60,000 for Joe's Pizza wall, and \$75,000 for the transfer of debt service in business assistance with a budgeted total of \$218,000.

The Lamm Road TIF is generating a lot of increment and has a projected balance of \$657,150. It covers financing costs for RDAs, site improvement, rehabilitation, and NewCo.

The West Avenue TIF covers professional services and site rehabilitation and improvement at an estimated \$64,180.

The other two TIFs have less than \$2,000 being generated. In the future, we may want to look at disestablishing the existing TIFs and reestablishing them to generate more increment.

Grants have projected revenues of \$2.6 million and expenses over \$2.4 million. The largest grant is the Downstate Operating Assistance Program (DOAP) with revenue over \$1.2 million and expenses over \$1.1 million. The Abandoned Properties line item for demolitions is \$250,000. We are waiting for reimbursement from the State from last year's demolitions. The Illinois Department of Natural Resources (IDNR) has \$85,000 dedicated for east of the Pecatonica. An amount of \$10,000 is for the K-9 unit and child passenger seats. The grant for an ambulance was removed because of the required match of \$64,000. We have not withdrawn the grant application for the ambulance. If the grant is awarded, it will go to Council and acceptance will be determined at that time.

Other anticipated revenue includes \$640,950 from Motor Fuel Tax (MFT) with offsetting expenses of \$630,000. The \$368,000 Revolving Loan Fund is required to give out two grants. We can set aside the administrative fee from that.

An Ordinance will need to go before Council approving continuing a 60/40 split between General Fund/Fire Improvement.

Neighborhood Housing Services has \$204,000 budgeted for demolitions.

The Foreign Fire Fund has specific rules on how the \$54,770 can be spent. It can only be used for improvement of fire service through union representatives and the Fire Chief. Chief Allen explained that if an insurance company from outside the State sells insurance inside the State, a 2% tax is added which is then distributed by the State Fire Marshall's office based on population by jurisdiction. We receive \$32,000 to \$34,000 per year.

Drug forfeiture money in the amount of \$20,000 is required to go back into the Police Department.

The line item of \$259,600 for Tourism Promotion has \$40,000 which has to be used to pay the debt service on the Visitor's Center. The remainder will go towards NewCo. This will come from TIF funds.

Aldersperson Chesney questioned the increase of funding for economic development to NewCo which is the merger of Northern Illinois Development Association (NIDA), Freeport Downtown Development Foundation (FDDF), Convention and Visitor's Bureau (CVB), and the Chamber of Commerce. He also expressed concern over other taxing bodies not paying a proportionate share towards NewCo. Manager Crow stated that he wants to be committed to getting the organization off the ground. He is also approaching the County about assisting with financing \$50,000 towards the new access road at the Airport from the Mill Race TIF. Manager Crow stated that, in the future, NewCo will fund professional services such as Ehler's economic research and planning such as streetscaping. He added that, with all of the above considerations, the amount from last year to this year is nearly

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the same. Alderperson McClanathan stated that the intent is to level out all spending on NewCo that used to be spent on the individual organizations from all funding sources such as TIF, hotel/motel taxes, and General Fund.

Alderperson Chesney left Council chambers at 6:19 pm.

Alderperson Smith asked when we can expect funds from demolition grants. Manager Crow stated that the State has told us that they are about one year behind in payments. We are now carrying those expenditures in our cash accounts. When we receive the grant disbursement, it will go into the cash accounts.

Alderperson Chesney returned at 6:22 p.m.

Alderperson Brashaw asked if Manager Crow could give an itemized accounting for tourism and the economic development organizations before consolidation compared to budgeted amounts for FY2019. Manager Crow stated that he will provide that.

Manager Crow returned to the presentation and stated that we have arrived at a balanced budget. Revenues are projected at over \$17.5 million and expenses are budgeted at over \$17.3 million. The increase in revenue is credited to a slight increase in sales tax, proposed sale of the old Fire Station, increase in Police Department fines, and adopting an Ordinance to continue the fire improvement distribution. Expenses have been cut by removing the match for a grant to purchase a new ambulance and restructuring of staff will be discussed in Executive Session.

ITEM #9 – Budget Discussion

Alderperson Klemm asked about the Revolving Loan Funds (RLF) He thought there were a couple that were no longer producing jobs. Manager Crow stated that there is \$368,000 available in the RLF. We are allowed to give a percentage of that in two loans and claim administrative fees. By January 1, 2019, we have to have the remainder assigned or the State will sweep the remaining funds. We need to show that we have made every effort to collect the outstanding loans. Of eight loans that he reviewed, six have been foreclosed upon. One dates back to 1998 and attorneys are monitoring these loans. The attorneys are in the process of filing paperwork with the State to ensure that the \$368,000 can be used. There are two RDAs that he would like to present to Council soon to use those two loans. Stipulations for the loans include: one job is created per \$15,000 or it improves a blighted area.

Alderperson Klemm asked about the \$100,000 earmarked from the Lamm Road TIF. Manager Crow stated that there has been some interest in another strip mall being developed, so those funds are set aside if needed for site improvement.

Manager Crow added that the City pays back \$188,000 to the County from the Mill Race TIF and \$44,000 for sales of fuel and rental of hangars. So, he is going to ask the County for a portion of the \$110,000 match required for the grant for the new access road to the Airport from the Mill Race TIF.

Alderperson Chesney complimented Manager Crow and the staff on the many hours it took to reach this balanced budget. He asked if the figures tonight were reasonably close to being finalized. Manager Crow stated that there are a few more adjustments to be made.

Alderperson Chesney asked about the status on funding demolitions. Manager Crow stated that there is \$204,000 set aside in Neighborhood Funds with grant funding that could be raised to \$800,000 overall. There is a slight cushion left in the budget that could potentially be put into demolitions. There are no General Fund monies

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budgeted towards demolitions. Potentially 80 homes can be demolished through Neighborhood Funds and grants in this fiscal year.

Aldersperson Chesney also asked about funding road repair/replacement. Manager Crow stated that there is currently no monies budgeted from the General Fund for roads.

PUBLIC COMMENTS – AGENDA OR NON-AGENDA ITEMS

Bernie Mrgala stated that the work on the budget is pretty good and he is impressed. He compared figures from December 2014 to December 2018. We have lost \$113,000 in labor force and the unemployment rate is at 4.9%. As he is walking streets, he has noticed many homes are vacant. He feels it is ironic that today's news says there is a housing shortage. He feels it is important to attract residents and build this City so that we do not lose more people. He feels it is imperative to fund NIDA and economic development. It is an investment we must make along with the good direction economic groups provide going forward. He recommends thinking beyond this budget, which needs to be bare bones so we can address infrastructure improvements. Additionally, there was an accident on Winter Drive where a vehicle struck a telephone pole a month ago. Debris was left on the sidewalk by the tow truck drivers or ComEd. The new resident had to clean it up. He reiterated "good work" on the budget.

Upon a motion duly made and seconded, the meeting adjourned at 5:39 pm.

/s/ Dovie L. Anderson

Dovie L. Anderson
City Clerk