



City Council

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

MINUTES

SPECIAL MEETING

MONDAY, APRIL 25, 2016 AT 5:00 P.M.

CALL TO ORDER

The special meeting of the Freeport, Illinois, City Council was called to order in council chambers by Mayor James L. Gitz with a quorum being present at 5:00 p.m. on Monday, April 25, 2016.

ROLL CALL

Present on roll call: Mayor Gitz and council members Tom Klemm, Peter McClanathan, Jodi Miller, Patrick Busker, Sally Brashaw, Michael Koester and Andrew Chesney (7). Alderperson Ross was absent upon roll call. See notation for his entrance at 5:15 PM.

Representing the City of Freeport was Michael Phillips, Esq. as Interim Corporation Counsel.

Also present were the following staff members: Community Development Director Alex Mills, Battalion Chief Jim Blackbourn, Public Works Director Tom Dole, Police Chief Todd Barkalow, Water & Sewer Executive Director Tom Glendenning, City Engineer Shaun Gallagher, City Treasurer Linda Buss, Deputy City Accountant Michelle Richter, City Clerk Meg Zuravel and Community Development Grants Coordinator Nick Jupin.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Alderperson Miller (upon Alderperson Ross's absence).

APPROVAL OF AGENDA

Alderperson Brashaw moved for approval of the agenda as amended, seconded by Alderperson Koester. Motion prevailed by voice vote without dissent.

PUBLIC COMMENTS – AGENDA ITEMS

Steve Carroll, 811 S. Oak Avenue, Freeport, Illinois, spoke in support of the Lead-Based Paint Hazard Grant and its accompanying resolution.

Kathy Wilken, 902 S. 16th Avenue, Freeport, Illinois, spoke in support of the Lead-Based Paint Hazard Grant and its accompanying resolution. She spoke of a former resident, her niece who had been affected by lead paint to put a face on the issue.

APPOINTMENT

The following was read aloud, "Effective immediately an appointment of Alderman Michael Koester to the Workforce Development Committee as an additional member as allowed by the City's current NIDA contract."

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Aldersperson Klemm moved for acceptance of the appointment, seconded by Aldersperson Busker. Motion prevailed by a roll call vote of:

Yeas: Klemm, McClanathan, Miller, Busker, Brashaw, Koester and Chesney (7)

Nays: none

RESOLUTION R-2016-24:

Resolution To Authorize An Application For A United States Department Of Housing And Urban Development (HUD) Lead-Based Paint Hazard Control Program Grant

Provided in the council packet was a memorandum regarding Application for HUD's Lead-Based Paint Hazard Control Grant Program written by Nickolas Jupin, Community Development Grants Coordinator. Mr. Jupin provided in his memorandum that recently he became aware of a lead-based paint abatement program being offered by HUD. There is interest in this grant from the Community Development department and also from area organizations such as Northwestern Illinois Community Action Agency, Public Health Foundation of Northwest Illinois and the Stephenson County Health Department. They believe that submitting this application with the intention of building a collaborative remediation effort will show the City of Freeport's willingness and commitment to work with our local resource agencies, schools and neighborhoods to reduce the lead toxicity risk in families, specifically with families that have children ages 6 and under. Mr. Jupin requested approval to apply for \$1,000,000 in funding that requires a \$100,000 match. This is the minimum amount that can be applied for and we estimate that this could provide blood testing and home remediation for 30 families. Two sub-awards would be made if the funding is granted. One sub-award would be for research and health monitoring while the other would be for home rehabilitation administration and oversight. Mr. Jupin stated his office would provide overall oversight and grant financial management. Considering the known risks of lead, its effect on community health and the latest news out of Detroit about their lead woes, he believes it would be a disservice to our community to fail to apply for this funding and begin the process of building a sustainable lead abatement program in collaboration with our local partners. Mr. Jupin asked the council to consider the request for this HUD's Lead-Based Paint Hazard.

Craig Beintema, Public Health Administrator for Stephenson County spoke of having done this program before and being stopped due to state funding. He expressed that this would be very useful to community if this could be started again. He spoke of lead poisoning being not something that you see immediately; it is something that comes from paint or ingested paint dust and gets in soft tissue like brain and kidney tissue and it has most the devastating effect on growing tissue which you find in someone less than 10 years old.

Nick Jupin, Community Development Grants Coordinator provided an overview of the grant process. He spoke of NICAA, the City, and the Health Department handling the financial portion of this.

Mayor Gitz asked how we would identify a structure under the grant program and for insight of the costs involved for abatement.

Nate Dale, NICAA Housing Program Specialist explained there is not application process to identify needed homes but instead homes are typically identified in pre-kindergarten testing that indicates high EBL levels. At that time, those high EBL's go to the Health Department and those homes are then identified. This is not a rehab grant, this is for existing hazard and usually means you are living in a pre-1978 structure and it comes from lead chipping paint and lead dust. They will then identify what needs to be addressed to take care of the issue that caused the high EBL. The Health Department will then do follow ups to test to ensure the lead levels are going down.

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Nick Jupin, Community Development Grants Coordinator explained there will be a committee that will consist of John Menke, City Building Inspector, Nate Dale of NICAA, Craig Beintema from Stephenson County Health Department and himself to review information based on received elevated blood levels when Health Department determines need. NICAA will send a crew to do risk assessments on the house. He stated there could be as many as 100 houses that you do risk assessment on and there may possibly be funding to do 30-40 houses and how do you pick from there. The working group of Nick, Nate, John and Craig will review how many children are in the house affected, age of house, cost to abate lead and do remediation. From there they will pick who can move on in the program and then will go to program director Alex Mills to sign off and then back to Nate for RFP's for contractors for the remediation.

At 5:15 p.m., Alderperson Ross entered council chambers bringing the number of members present to eight (8).

Alderperson Klemm asked if there was any difference in this grant and the previous grant you had other than it is going through a different agency. Nate Dale (NICAA) responded yes there is a difference and this is identifying hazard so most of the actual rehab programs that we have done are tailored towards lead and we do deal with lead with everything that we have done for the City as far as NICAA goes. All of those programs have lead specific rules and requirements that need to be followed and this one is an identified hazard. This is not a lottery on who gets their house rehabbed. It is an actual hazard that must be mitigated at that point.

Alderperson Miller questioned Community Development Grants Coordinator Jupin asking if he would write the grant and would the Health Department and NICAA pick up the other \$100,000 match or whatever the amount of the match part of the grant would be.

Community Development Grants Coordinator Jupin responded no, if you approve \$1.5 million grant that would be \$150,000 match. They are trying to find ways of matching in kind services and that all agencies involved are looking at ways to obtain and possible fundraising options with other agencies. He spoke of taking \$150,000 and splitting over three years and that you can charge back to the grant 10% for administrative costs as that is required. This will require the project manager which will be Nate to dedicate 75% of his day to this grant so essentially he and one other NICAA will become full time employees of this grant.

Alderperson Miller asked how much you think this will cost the general fund. She referred to points brought up at last week's meeting that Alderman Chesney had in regards to this for taxpayers concerns. She spoke of receiving multiple calls last week from constituents wondering why it isn't the property owner's responsibility.

Community Development Grants Coordinator Jupin stated at this time he can't give accurate estimate as there hasn't been enough time to review with other agencies what they can contribute to this. He stated he is asking for the grant match to be appropriated over three years but finds it highly unlikely other agencies won't put in to this. He stated they could charge homeowners but the homeowners they will identify will be in very low income to even qualify for this so he doesn't see how they can come up with funding to contribute.

Alderperson Miller asks if he can see why people are questioning why not homeowner's responsibility with no grants assistance.

Alderperson Brshaw spoke of the expense involved in lead remediation project and the laws being very strict on how it is remediated. She spoke of the lead being found positive in windows in that over time from the operation of them and the lead is broken down to a powder. This is then absorbed through respiratory system and gets in the blood stream much faster than a liquid form. She spoke of this being typically identified in children more than adults as the testing is done in schools for blood levels. Back to the costs though, if you are homeowner in a lower

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priced property and your child tests positive they will come in and say what the remediation costs might be \$160,000 or \$95,000 and they might be living pay check to pay check and won't have a chance to be able to do this. When these grants come along, it assists citizens to obtain the funds to fix up their homes. She doesn't think landlords qualify for this but speaking from a landlord's point of view she discussed the price of property vs the price of remediation and the real possibility that the work she would need to do for remediation not being able to do that and property would have to shut down. She spoke of not being able to rent a property out without full remediation. If property is not worth it, you won't get a loan to do this. She stated another possibility if you don't want lead paint would be to tear down all houses built before 1978 and that she doesn't believe we want to do that. This is a lifetime opportunity for Freeport and her biggest concern is to save children. The children are more important than houses and we have to figure out is your value system here.

Mayor Gitz asked for clarification on who is eligible for abatements. Is that only owner occupied or does that extend to rental as well. Community Development Grants Coordinator Jupin responded that this is for owner occupied and it does extend to rental homes as long as the people that are going to be renting are in a low to very low income bracket defined by HUD.

Alderperson Koester stated yes, it would be nice if homeowners could do themselves and understands that this is expensive to remediate. His concern is if this isn't done, the people will move out and it will be another house for us to tear down eventually. This is an ideal way for us to give back to the community and something we need to do. He asked if there was a number for children identified with EBL over past couple of years. Community Development Grants Coordinator Jupin responded that he did not know that number however he did have a letter from Head Start stating that the numbers had tripled in the past five years. It was high enough to qualify us for special points on the grant application.

Alderperson Koester then responded that we have identified that the number is dramatically increasing over the past few years. Craig Beintema, Public Health Administrator for Stephenson County responded that the numbers when we get them are a total count. To get numbers for Freeport area might be difficult. He stated that County level is three times the amount of the high levels of 15 and over for one year. Out of 528 children who were tested first time there was a very large increase over what the state has which is 4% of 1,200 total kids tested.

Alderperson Koester asked for everyone to keep in mind lead based contamination is a long term problem for a child that is exposed, as pointed out earlier by exposure as child and adult with continued problems. He expressed his concern that this would be very irresponsible for us not to do this.

Alderperson Chesney asked what is the plan if there are thirty homes approximately that are going to be targeted and if the money is increased to maybe 45 homes; there are thousands and thousands of homes within Freeport that are likely to be pre-1978 with some level of lead issues. So thirty houses over three years is ten per year and so we are going to remediate roughly ten houses a year with 1 ½ full time staffers correct?

Craig Beintema, Public Health Administrator for Stephenson County answered yes, those numbers are close and what we discussed before is that this will be done on a case to case basis and could be thirty homes, ten a year or it could be twenty or twenty-five a year depending on what mitigation we need to do in each of these homes. He spoke of a large two story home vs a smaller home and that will be a difference there. Ten homes doesn't sound like a whole lot but when you look at the grand scheme of things, most of the neighborhoods we are going into if you look at the areas these homes are in we are looking at hazards, someone already identified in a case. This just doesn't help one home it helps the whole entirety of the family that is in that home, it could be one child in one home or twelve children in two homes, we don't know that at this point. If we have one child in a home determined to have high EBL it can affect a whole family in one home so just to say we are helping ten homes isn't

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really looking at the issue here, this is helping all the children who are identified with it. He provided an example of a family who has multiple children and it helped the brain functions of all the children in the home.

Alderperson Chesney stated the concern often times with these grants is that it largely goes to administration costs and not to the people we are trying to help. His observation is 75% of two full time salaries or 1 ½ people servicing ten houses per year that the funding is largely on the administration side. He stated a larger concern is assuming you do thirty houses but you have tagged 200 or 300 homes but have we don't have a funding source to remediate them then these homes have been stigmatized. The targets are going to largely be in areas where funding is going to be necessary to remediate this. He asked what our plan is for those that have needs on a property that they cannot sell because we went in and did this. He asked what is the plan to help them remediate those that are of moderate needs so they can now sell an asset.

Craig Beintema, Public Health Administrator for Stephenson County stated he did not understand what was meant by selling an asset. At the end of the mitigation for what you are doing for lead, that home will be lead safe at that point. He asked if he was speaking of the homes that aren't being done in this program.

Alderperson Chesney spoke of the number of homes that were going to be brought in to a pool. This pool was going to have a variety of different factors; different incomes and severity of the house being some. What do we do for the properties that have been identified as having lead problems but we don't have the funding source to take care of it because now these properties could be in the hundreds of properties, likely to be thousands, that have levels of lead issues because so many of them are pre 1978. What is the long term plan for City now because we have now stigmatized all these properties and now there is no funding to remediate them. What is the long term plan because thirty houses in the face of thousands of properties don't really eliminate the underlying issue. We have agreed that lead is an issue and that lead is a hazard and pretty much of the opinion that the housing stock in Freeport needs some rehab. If we create this big stir within the community that we have to remediate lead, thirty houses doesn't bring us home.

Craig Beintema, Public Health Administrator for Stephenson County spoke of when we are doing this we are going to have referrals from physician's coming through from testing and we are going to look at those kids and what is probably going to happen the first year is that we are going to look at ten to twelve houses. We are not going to go out and look at hundreds. You are right, there are probably hundreds out there but we don't want to have sitting out there is a hundred homes tagged for lead which would be inappropriate as we wouldn't be able to handle that. So what is going to happen is those kids that come through with high lead level we would prioritize those ten houses. Look at top 10 kids and scenarios that you have. If you do well there are probably additional dollars during grant cycle that become available. If do well with HUD grants they want to talk to you again. Doesn't think we will stigmatize and not address.

Alderperson Chesney spoke of the heavily administrative driven costs of this grant. Mr. Beintema stated that these funds are also going to go into remediation to contractors that the 1.5 people will oversee with the mitigation costs being approximately \$500,000 each year. Mr. Jupin also explained both he and Mr. Beintema and his staff would also be overseeing this grant and not just the 1.5 staff from NICAA. Of the applied one million dollar grant, there would be \$100,000 for administration fees.

Discussion was held on the "in-kind services" of the Community Development Grants Coordinator, NICAA and the County would go toward the 10% grant match.

Alderperson McClanathan expressed his appreciation to staff for time put in to this to answer questions over the past week. He asked for clarification if there is an income requirement to qualify for this program and this was

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answered, yes by Mr. Jupin. He asked if owner occupied and rental it's not based on owner it is based on income of renter. Mr. Jupin answered that is correct. He stated currently high EBL's from ongoing tests are handled by someone from Peoria.

Mr. Beintema advised that this person from Peoria follows up on every single case from Peoria to the Wisconsin border and what she can do about every single case is a little bit different too. He explained there is nothing she can do to make someone do the mitigation on their property. That is part of our issue. If landlord doesn't want to fix the lead issue in their home and they have someone living in their property that is under six, they cannot rent to someone under six or a landlord won't rent to someone with high EBL before. It is state law that anything pre-1978 you have to let them know that this is a lead thing. To sell your home you have to show that. We are not identifying things that are a secret these are all state statutes.

Aldersperson Busker questioned how often do cases like this happen around here. Mr. Beintema replied that he can get the numbers but he doesn't get anything under a 10 as children who test between 5 and 10 there is education at that step; above 10 action begins. He stated his department receives unsolicited calls at approximately 10 to 15 a year that don't know how to remediate and stating they don't have funds. Director Mills had a report that over 1,200 kids that had high blood levels so that gives number of kids but not homes.

Aldersperson Chesney spoke to Mr. Jupin asking if we have we looked to school districts as relates to this. Mr. Jupin responded no because he just learned about this grant and will do as much as he can to do kind match but given the grant being due on Wednesday there has been little time to do that. At this point he needs approval to at least apply and the rest will follow.

Mayor Gitz spoke of having contacted Superintendent Schiffman about the grant and laid ground work.

Aldersperson Chesney stated he wants to be walked through the process of how we are going to know there are several thousand homes and yet we are only going to address ten a year and this doesn't get to core of issue of recurring issues.

Mayor Gitz advised it is better to light a single candle than it is to curse the darkness explaining that he means we know we have elevated levels that are identified, we know that we have the State coming to do inspections and they trace everything that has to do with that child's life including daycare to trace out what are the conditions contributing to the elevated lead level are. His view is to salvage some of the homes and make them lead free whether owner occupied or rental. He spoke of showing that we understand we have one of the highest areas in the State and we are doing something about it. He stated we need to educate people about the issue and long term effects and simple things that can be done as well as long term abatements and the need to tie into resources. We owe it to people of community to bring resources to the table. If this grant is approved it is the beginning of the journey.

Aldersperson Ross spoke in support of starting somewhere. As stated last week, if we want better work forces we have to start when they are young. He believes there are some officers that we have now that might have lived in lead houses and now they are productive. Money is not the issue we are talking about a life. We have to start somewhere and this is a good start. He stated he is 100% behind this.

Aldersperson Klemm referred to being on the council ten years ago and of a young girl who presented a report on Brownfield Grants because we did it properly. That whole process started out small and look at what we have done over years to grow that. We can take this grant and do the same; start small and make it bigger over the

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years. He referred to a news report stating if you take powder from windows and doors takes like chocolate. He asked if next thing to do is to withdraw his original grant.

Discussion was provided by Mr. Jupin and Mr. Dale regarding how they see this grant moving forward and the education piece of it being provided. They also provided their thoughts on getting this program established and being able to apply for other sources of funding and of the programs already established with NICAA that can be built on and use as match sources.

Aldersperson Koester and Brashaw spoke of their support of this program. Aldersperson Brashaw asked if there currently was a list of candidates for the program. Mr. Beintema advised he could generate a list of all above 10.

Aldersperson Chesney requested a point of clarification that this is a vote just to apply for the grant and that this still has to come back to council for final authorization and then within that you could provide for us back to council to supply to them of any additional taxing bodies that have come to table, perhaps what the total numbers of houses and people in the county that could be affected by this and provide more data before the before a final vote. Mr. Jupin response was yes you would have an updated budget and information we had gotten to that point.

City Clerk Zuravel read into the record a letter from Karen Sanders, Director of Pupil Personnel Services with Freeport School District, "It is my pleasure to write a letter in support of a proposal for lead-based paint abatement being developed by Mayor Jim. As the Director of Pupil Personnel Services for Freeport School District 145 for many years, I have firsthand knowledge of how students and their education are affected by being exposed to lead-based paint products. There are students that have increased behavior problems and problems with focus and assignment completion. In conclusion, I fully support the efforts of the Mayor as he seeks external funding for lead-paint abatement. Any programs that can help our students with behavior issues related to lead as well as be more successful academically will benefit our students and the community at large." Also, read into the minutes was a letter written by Chassidy Thuman, Health/Nutrition Manager at NICAA Head Start, "Re: Lead Concerns in Stephenson County, To Whom It May Concern: My name is Chassidy Thuman and I am the Health Manager for the Head Start Programs in Stephenson and Jo Daviess County. In my capacity I have realized over the past three years a growing number of children in the Head Start program who have tested high for their lead levels. Since 2013, the number of children we have seen in our program with high lead has tripled, with some of these children having levels as high as 45. These levels put children in serious risk for developing an enormous amount of health issues including brain damage. These numbers are alarming and the majority are sourced back to their homes these children live in. 0% of all childhood poisoning occurs within the home. It is my understanding that Stephenson County is unable to offer awareness, education, or remediation assistance due to lack of resources. Since speaking with the public health nurse in Springfield, IL, I have become aware that Stephenson County is one of the highest counties in the state of Illinois with children that have lead concerns. I sincerely feel there is a need for lead awareness, education, and remediation assistance in Stephenson County, as the numbers are growing each year. This problem needs to be addressed with a sense of urgency. Please feel free to contact me for any further data, questions, or concerns."

It was noted this resolution was moved for approval at the City Council meeting held on April 18, 2016. This motion was given by Aldersperson Koester and seconded by Aldersperson Klemm. There had also been a motion and a second to amend the amount to \$2,000,000 for the grant application.

At 6:15 PM, Aldersperson McClanathan left council chambers.

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Aldersperson Klemm made a motion to withdraw the \$2,000,000 amount in grant application as that is not feasible as we can only apply for \$1,500,000 grant. The second, by Aldersperson Koester on this motion was also withdrawn.

Aldersperson Klemm moved to amend to apply for \$1,500,000 that would be the limit for what we can apply at the moment for first time grant, seconded by Aldersperson Koester. Motion prevailed roll call vote of:

Yeas: Klemm, Ross, Miller, Busker, Brashaw, Koester and Chesney (7)

Nays: none

Absent: Aldersperson McClanathan

The amended amount for the grant application was approved.

At this time, Aldersperson McClanathan returned to council chambers.

Aldersperson Koester wanted to clarify we can vote on this grant and that we don't need a motion to suspend the rules. Mayor Gitz advised no this is resolution for application of grant and this says yes we want to apply for the grant and that it will come back to council for final approval.

Aldersperson Miller expressed her thanks Mr. Jupin for input on this and for his full intent not to put further stress on the general fund.

Mayor Gitz requested a roll call vote for adoption of the resolution with the amended amount of application at \$1,500,000. Motion prevailed by a roll call vote of:

Yeas: Klemm, McClanathan, Ross, Miller, Busker, Brashaw, Koester and Chesney (8)

Nays: none

Resolution #2016-24 was adopted.

RESOLUTION R-2016-25:

Resolution Authorizing Modification And Extension Of Service Agreement Between The Stephenson County Senior Resource Center And The City Of Freeport

Director Mills requested City Clerk Zuravel read into the minutes an email from Susan Lambert, Executive Director, Senior Resource Center.

City Clerk Zuravel read into the minutes an email to Alex Mills dated April 25th in regards to the transportation contract. "Good afternoon Alex, On Friday, April 22, 2016 the SRC Board of Directors approved a one year extension to the transportation contract with the City of Freeport with the changes presented to you in draft form. We look forward to promptly executing the contract and continuing our collaboration to meet the transportation needs of the residents of Stephenson County."

Community Development Director Alex Mills presented the resolution by stating the one year contract extension is being modified slightly allowing Senior Resource Center the right of refusal on one-year contract extension in 2017, 2018, and 2019. This will also address the current PCOM role vs the Transit Coordinator/PCOM role, which no longer exists. The changes clarify the PCOM duties to mirror the job description that was modified when the position was changed and at SRC's request, several duties were made specific for clarity. It also prohibits SRC employees from public consumption of alcoholic beverages while also wearing uniforms. To rely more specifically on Federal Transit Administration drug testing regulations in accident and incident reporting and to serialize the equipment purchased with grant funds to improve accountability.

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Aldersperson Klemm and Mayor Gitz congratulated Community Development on the work done on this.

Aldersperson Koester moved for approval of the resolution as presented, seconded by Aldersperson Klemm. The resolution was adopted by a roll call vote of:

Yeas: Klemm, McClanathan, Ross, Miller, Busker, Brashaw, Koester and Chesney (8)

Nays: none

Resolution #2016-25 was adopted.

FY 2016-2017 Goals of Council and Discussion Points – [view 05/30/2015 priorities](#)

- Brief summary of what is in this year's budget
- What are Council's Key Questions
- Revenue Enhancements [view possible sources](#)
- Capital Equipment Budgets
- Other Issues To Be Considered

Projected FY 2016-2017 Spending Plan and Assumptions

Mayor Gitz stated a more precise statement of the budget on the General Fund that was distributed at 4:34 PM on Friday. He spoke of wanting to make sure we are clear on what is in and what is not in that budget at this time because there are some assumptions that we need to discuss. After we have gone in we would like to engage you in discussion regarding what you would like to see coming out of this budget and then we can go to other considerations.

Finance Consultant Bernie Mrugala explained that this budget is still a moving part to some degree and this budget has been established in the manner that he believes the council was looking for. He has added all of the benefits in the proper department which he is defining as a program to reflect the cost as a whole. This shows known facts at this time. Payroll is based on filled positions. There are no assumptions in there as a result of raises for anyone at this time under contract or under negotiations. One other thing that is not in numbers is some of the miscellaneous items that are associated with over class pay as not sure where to put them. He doesn't want to put in regular wages at this time only because it is almost impossible to determine wages in based upon positions. It includes everything associated with contractual services, all of the commodities that have been estimated by the departments and it is department's best estimate going forward based on their objectives. In the Finance Department he has added some items in there that you may want to think about seriously; he is hampered by systems in place; we have systems that are running payroll and pensions, we have a payroll system, we don't have a system that can schedule and we are in need of an upgrade for server for Windows 2003 which is no longer going to be supported by Microsoft in the very near future. This gives us an opportune time to consolidate our financial systems as there are two competing ones at this time. These will be discussions that we can have at a later time. In Finance there are two people and he did not put in a Finance Director at this point in time. He is assuming once straightened out that department can operate effectively with two people with someone coming in periodically to oversee. He also made some assumptions on some funds that can be eliminated in accordance with what the auditors are looking to us to try and accomplish. He stated he has not been able to consider a capital asset policy which will drive the capitalization of our capital outlay items. That is one of the things that was in the audit and will probably be repeated going into this next audit. He stated that in his mind are late on the budget. Technically we should have been approving budget now and should have starting looking at this back in December.

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A discussion was held reviewing the information that was provided in the budget report showing where trends were provided and what each column provided. It was discussed that revenues are generally going up and that we have to be careful in that analysis as some of the overhead is being consolidated in what is being called interdepartmental and at one point in time those were revenue in another fund. It was stated that revenues have been going up but they are stabilizing now and data was provided to back this up. Income tax revenues over three are increasing what has decreased is sales tax.

Aldersperson Koester stated he was curious about the previous statement about revenues going up and asked if Mr. Mrugala can prepare the amount of increase of revenues vs the amount of increase in expenditures due to cost increases over the years and asked; do they parallel each other or does one outstrip the other. Mr. Mrugala responded that they actually parallel each other fairly well on this budget as he is looking at trying to bring in the indirects and that has increased things above and beyond but if you look at each one of the lines like personal services are fairly stable in terms of going up and when he looked at man power and it actually went down. He spoke of one element that is outstripping us and that is part of the benefit package. As far as our controllable direct cost it is parallel.

Aldersperson McClanathan asked for clarification that we are not looking at additional personnel increases. Mr. Mrugala responded no, there are no personnel increases in this draft with the exception of Finance Department which currently is Deputy City Accountant, himself, and a part timer. He stated there are two positions on hold from the Fire Department. He stated he didn't know what was going to be done with Finance at this time. He explained there is nothing in the Legal Department and that is still is what it was and has not been touched. It may be transferred. Benefits package not as bad as what we might think. No actuals on pension but has been put there for budget purposes.

Aldersperson McClanathan asked about raises for contracts that are under negotiations and asked for verification that only figures for contracts currently under negotiations and that already negotiated are included.

Mr. Mrugala responded that is correct.

Aldersperson McClanathan asked if there are any assumptions made as far as raises non-bargaining personnel.

Mr. Mrugala stated whatever today's rates are applied by number of hours based upon bargaining unit on 26 pay periods, there 2,080 working hours in this FY as relates to non-bargaining people, last year was 2,088 and that extra 8 hours stressed us a bit this year on supplemental.

Mayor Gitz spoke of needing input from council in regards administrative and non-union raises for a range so those could be properly put in contingency.

Aldersperson McClanathan asked in regards to revenue about how we are going to do bonds. Where does that play on summary of all funds. Mr. Mrugala explained it is contained in the summary of all funds. Unfortunately didn't have a couple of the bonds total done and that would come in under 31, Carnegie building fund and not under 01 general.

Aldersperson Chesney asked to review revenues according to budget analysis and he sees revenues have gone up 15.8% and asked if Mr. Mrugala arrives at same number. Mr. Mrugala responded no, revenue based on figures from State in expectations on their website. It was determined that Mr. Mrugala would make some adjustments to the Excel spreadsheet and take off some sensitive data such as names and make it so it was available for council to see his drill down to arrive at number.

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Aldersperson McClanathan spoke of looking at section for capital equipment budgets. He requested looking for feedback going forward that would be helpful if we are talking about non-bargaining is to show what 1% and 2% would do to budget going forward. Mr. Mrugala responded yes, he can do that. Discussion was held on addressing the non-personnel expenses and if we could explore looking at what raises would cost if you took a few percentage off across the board for some of the non-personnel what would that take off. Those are already fairly low and it was compared to taking shovel away from crew so they can't fill pothole. We need to find ways to internalize this yet. It was discussed about columns on report showing departments requests, administration suggestions and then council recommendations. Aldersperson McClanathan in particular spoke about departments that are in double digits and he wants to look at in aggregate and per individual departments. He asked if we have something that speaks what are the general fund obligations, if any are included in this for development partners for things not in TIF and that he would like that broken down. Mr. Mrugala responded that hasn't put anything in at this time.

Aldersperson Koester asked the question; at present moment how are we sitting with balancing this budget? Mr. Mrugala responded if we completed this year right now there would be a small gain of about \$50,000 and there will be adjustments to that. He spoke of going forward into next year we are dealing with letter we looked at today regarding levy from last year which is causing issues and has to be reviewed in more detail. Aldersperson Koester replied he noted results on discussion on revenue and what it would take to get this to point to be balanced to which Mr. Mrugala replied \$600,000 from last year's levy which has come home to roost.

Aldersperson Miller asked if you are saying it will take \$600,000 to balance and yet if she is looking at papers correctly there is 2% increase across the board; what does that mean, budget plus 2%.

Mr. Mrugala replied that budget plus 2% is that has been negotiated for people affected.

Aldersperson Miller stated that under other financial sources it says there are transfers from fire improvement that is supposed to be \$240,000 and none has been transferred.

Mr. Mrugala explained that is not the case and it has been updated and is over \$240,000 that has been transferred.

Aldersperson Miller asked why did it go down to \$100,000 for this next budget.

Mr. Mrugala replied that the reason for that is last year we budgeted over \$750,000 in ambulance fees and we are not going to get that. He put that number in just to see what it is and will be closer to \$200,000 from that particular fund. The Fire Improvement Fund is where the ambulance fees go and we previously got that and now we won't, this was based on paid revenue estimate of \$750,000 and that is not going to come in. He explained that the more we service more people in higher age brackets the lower the revenue will be partly due to discounted fees on medical bills and there is almost 80% discounted from Medicaid and Medicare from State of Illinois resulting in reduced fees coming in. If we bill \$600 we might get \$50 to \$75 from Medicaid and Medicare.

Aldersperson Brashaw asked Chief Blackburn if he was aware of the revenue decrease in ambulance fee revenue coming in from Medicare and Medicaid not being paid by the state.

Chief Blackburn replied there are 2 issues in play here with one being there was a significant increase in request of underage medical billing and greatly increased charges of private insurance. He felt the demographics that they used when they calculated that income have not come through for us. In other words a lot of people that they

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transport by ambulance do not have private insurance and they might have overestimated the revenue by a little bit. He spoke of slow pay – no pay of the 80% coming from Medicare and Medicaid. There was discussion regarding the split of ambulance fees of 60-40% and the City continues to get their split of 40%.

Aldersperson McClanathan asked in the general fund summary by classification that you gave us for tonight it shows revenues exceeding expenses by about \$162,500, a moment ago when Alderman Koester spoke with you you indicated we were going to be \$600,000 in the hole and asked if this is from the things that you indicated have already been approved in this budget and if so when do you propose to have a draft in front of us that will then.....

Mr. Mrugala said draft will show that will be reviewed one more time and be set up.

Aldersperson McClanathan stated that shows correctly and he asked what caused the \$750,000 change between Friday and tonight. And asked that was largely based on what?

Mr. Mrugala explained that some of the corrections are from what Linda Buss brought up.

Aldersperson McClanathan asked when they can see the change.

Mr. Mrugala advised he didn't have pensions liabilities based on the levy from last year put in correctly from last year.

Aldersperson McClanathan said he wanted to see those numbers.

Mayor Gitz stated it became clear earlier today that the pensions were not tracking correctly with the levy. He has asked that our numbers be reviewed for accuracy.

Aldersperson Chesney spoke of talking to different department heads and the common theme was pretty much status quo budget and status quo recommendation and department heads said they were going to continue with manpower and with being \$600,000 light in our budget that a 3-4% cut across board would get us home. Have we looked at any efficiency programs, pulling our purchasing power, any other ways to cut our expenses without increasing revenue and if we have, what are some of our options and what does that look like.

Mayor Gitz asked when you say purchasing power are you talking about aggregating with other types of funds.

Aldersperson Chesney responded with various different taxing bodies or even within our own organization from how do we buy our cell phones to how we buy various different items. When he looks at the consent agenda he sees various items there seems to be some level of inconsistency and he is not saying it is the silver bullet to solve our issues but wanting to know what we have looked at without raising revenue.

Mayor Gitz stated we are looking at cuts and they have not been compared to others across the board yet.

Aldersperson McClanathan spoke on the topic of capital equipment budget; is there a sheet to look at in regards to that and if not when can they expect that.

Mr. Mrugala said there is one and we will determine viewing that. He spoke of the only thing of anything significance in this is in police department and he looked at capital outlay in police cars and that is something that is more a commodity recycling three vehicles a year. So that won't significantly change the budget so there are

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three cars in the police department budget right now so that wouldn't come out of current and can be changed back and forth because vehicles are short lived. There is \$85,000 in the police department budget for the three cars at this point in time.

Aldersperson Klemm stated that Mr. Mrugala had mentioned a letter earlier that he had just received regarding tax levy that we don't know about.

Mr. Mrugala explained that was regarding the tax levy that everyone worked out awhile back and those are the numbers that are in this budget. Only thing since we are home rule the tax levy is the tax levy for the dollar amount. The library will down about \$40,000 because the valuations have increased county wide.

Mayor Gitz advised the only letter that we have received in the last 10 days was the State of Illinois saying oops on the corporate personal property tax and 20% of our pension comes out of that allocation. We had received a number in December that the state has given and actual number is now different and reduced.

Aldersperson Miller asked if we could consider outsourcing the Finance Director position. She spoke of her belief that this would save a significant amount on legacy cost.

Mayor Gitz spoke of proceeding on the basis of the need for a full time Finance Director being greatly needed. He advised that the first round of interviews have been done and at this time he doesn't know what salary proposals will be for sure but they have asked candidates what they would but it won't be what it was in the past. He spoke of having looked for outside assistance and having found that to be fairly expensive. He spoke of his belief that we would be hard pressed to save money by outsourcing finance in a realistic way. He spoke of savings in the account department coming from our accounting procedures and that he is waiting for bank for recommendation and wants to get that done. He spoke of looking for procedures between Water & Sewer and Finance in the hopes that we don't have to increase personnel but to expand what these people are doing. Personally thinks we need onsite Finance Director available at all times.

Aldersperson Miller asked the mayor if in his opinion we could save some money on outsourcing to save some money in Legacy costs.

Mayor Gitz spoke of the need to having a certain number of personnel to function effectively and that he has ideas on places we can cut but doesn't feel the Finance Director is it.

Aldersperson Miller asked if we could consolidate with county on anything to cut costs.

Mayor Gitz advised he is certainly open to that and have expressed to several members of board including the chairman but that is more long term and doesn't feel we can count on that for our immediate budget cycle. He spoke of the need to identify the things we have control over and here are the things we are going to bring budget in at. He stated that long term we should be open to collaboration with other taxing bodies and he has established a list of things that we may be able to do, he stated he may be speaking out of term but he feels there might be some impact to combine planning functions of county and city, personally the City is in grave need of an IT person and we are always under budget for IT, we have to budget for a new server and we have to pay attention to this due to the need of a new server and if that would crash this would nothing short of catastrophic. A really good IT person would be quite expensive and his idea is to consolidate that with other taxing bodies.

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Alderperson Miller spoke of communicating with Mr. Staben and Director Dole in regards to increased revenue at airport and asked if anything has been developed about possible lease with farm ground at airport and putting some money into the budget instead of always losing money there.

Mayor Gitz advised two issues with changes with land that can take place but they are not going to make a significant difference in the budget because those are land locked parcels and that are lots of different variations there. He stated long term revenue issues at airport to make more effective partnering in economic development has to be focused on growing operations and that is where money is at. That includes finishing the facility that is now under construction because our airport manager does not have an affective hangar and when that comes on line and as you promote airport and solicit business other areas that will take long term promotional effort. He explained that you will not realistically get the airport to equalize in revenue and expenses in near term future. He stated if you look at the business people who utilize the airport it has economic value. Fortunately for us most of the airports capital investment comes from very generous state programs that have a very low percentage of match. He spoke of conversation that needs to be had about airport has to do with is part of bigger picture that includes land probe, infrastructure development, and making airport center of where we do expansion. NIDA says we need signs so let's locate those sites strategically to kill more birds with one stone.

Alderperson Koester spoke of the bullet points for revenue enhancements and there are several listed and asked for explanation especially time frames as when they have to go into effect.

Mr. Mrugala discussed adding $\frac{1}{4}$ % sales tax is a potential, taxing soda like they do in Chicago, telecommunication tax and this is on land lines, gasoline tax is potential today but tomorrow we might regret that as crude oil is going up, afraid of increasing some of these but might have to take one of them. He spoke of Chicago having an 11% sales tax right now.

Alderperson Koester stated on some of these we had discussed with Duane Price some time ago and he recalled there is a time frame to put some of these into effect to which the mayor responded yes.

Alderperson Chesney spoke of a council rule that we can never compare us to Chicago. That city has a lot of issues. He asked what we have in our reserves today.

Mr. Mrugala does not have readily available and referred to City Treasurer Linda Buss who advised she doesn't have readily available but can certainly get.

Alderperson Chesney spoke of being so close within \$600,000 and much of what was sprung on us in light of GASB rules and that we are still funding above minimum threshold however, there is the need for us to be fully funded by 2040.

Mr. Mrugala spoke of that being a moving target and the need to be careful as we have more people that are retiring and that liability is increasing not decreasing so you understand the price quantity curves and where they cross and profit margins and we are going to see that cross and that gap will be wider. Doesn't mean that we are going too funded by just taking the minimum requirements by the state and the longer we wait the less time to get the big bang for your buck on the investments.

Mayor Gitz spoke of having numerous discussions on issue of liability. We have substantial increase in our cash position for the last fiscal year that has been audited. We understood that when we held the line on the levy there was a fairly substantial hit that we would have to absorb somewhere between \$500,000 and \$600,000. He spoke that he thinks you will find that our cash position on reserves is healthy. One way to resolve this budget is to

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concentrate on making numbers work on our spending plan on all operations and then if council is comfortable with our cash position absorb the impact of the pension transfer that is required for the minimum state law out of those reserves we would not change our position from what it was two years ago if the numbers he has before him are correct. That makes this exceedingly easier to come to some agreement because what you are going to find is to take a \$500,000 hit on already lean departments means that we are compromising our basic ability to render services. He spoke of one of the things that we have to be honest about; we can make all these cuts and be fair about what people get in return; slower snow plowing, slower help with leaves and pothole patching because there are three less people to do the work. He spoke of these kinds of things having to go across the board so he is not suggesting that there aren't places where we can make some changes but there are real life consequences to this. He spoke of council expectations and tradeoffs and how do we handle the pension issue. He spoke of GASB being here to stay. GASB rules are much more stringent in what they will impose upon us will make our budget over time almost impossible. He spoke that the council in December said we are not going to adopt the GASB rules and we are going to follow the state law that by 2042 we have to have a 90% funding. He stated if we can agree on a logical way to absorb the pensions it will make our job of getting GASB made a lot easier. He spoke of saying his colleague states we have to absorb all of this pension liability and the sooner the better. He spoke of his difficulty with that is he is unwilling to absorb it all upfront now or even a substantial portion of it so we are working through the numbers now to make sure we are talking about the same numbers before we have a further conversation. As long as we make the allocated amounts each year we have decades to get this right and if we are doing our job correctly in terms of setting a long term path of growth in making economies which we started doing with labor contracts we ought to have an easier path to get there. He spoke of healthy discussion being had including members of the staff.

Aldersperson Chesney spoke of being on the same page with GASB requirements and how it is going to be implemented and referenced conversations back in December we were looking at phase in approach and how it would look. He spoke of looking at Capital Improvement Fund, Fireman Equipment fund, various different TIF districts to look at ways to close whatever perceived gap we have. He would argue probably not \$600,000 probably in line more with the mayor that is somewhere in between there as to what our total liability looks like. Seeing the budget as it is currently presented he would have trouble supporting any additional revenue not because he is opposed to revenue, although certainly skeptical of revenue and he spoke of not believing one particular increase in revenue is going to solve City of Freeport's issues. He spoke that if he felt one swoop of the pen would solve all the problems of the City of Freeport with a few tax increases he felt we would see large support. He spoke of thinking the mayor had done a pretty good job at holding in those that have been hired and didn't see any runaway spending as it comes to adding personnel to your budgets. He stated he is generally pretty comfortable where we are at amongst departments and that there are areas that are good and areas we can encourage us to be great in. We can clean up some of those efficiencies collaborating with the County as Aldersperson Miller had pointed out. He stated he would like to see this cleaned up without having any impact on public life safety. He spoke of his remembrance of reserves being in neighborhood of \$4 million dollars and he thinks if we are \$600,000 light we can look at cleaning this up without getting into a big revenue war where we start chasing additional dollars and doesn't think is the way to resolve.

Aldersperson Koester stated he doesn't necessarily to doing this without additional revenue and if we keep passing 0 % tax levies and keep taking money out of reserves we are going to run out. Nobody wants to raise taxes but we might have to. We have to try to balance that to make it work. We have to keep an open mind and try to balance before we untax ourselves out of business.

Aldersperson Chesney stated it was his understanding this fiscal year, although unaudited that we did not take even \$1.00 out of reserves that we are actually plus \$50,000 that we actually took in more money than we spent we should send \$2.00 back to each taxpayer correct. Mr. Mrugala stated we have liabilities on the book too that

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have to be taken care of and that we have \$3.2 million in cash reserves right now. Mayor Gitz stated that he felt this was a helpful discussion and that the hope is to have the Capital Equipment budgets this coming Monday. He checked with City Clerk and the agenda is fairly light and suggests we devote time to the budget and discussion of some tentative ideas. He stated he would like by email, what are the top 2 or 3 issues that you would like to see resolved coming out of this budget. At the top of his list is sustainability and wants a realistic budget that delivers at least minimum quality service. There are some assumptions that go with that and that is health care and we are in the middle of contracts and health care has a huge impact of legacy costs down the road. The second issue is how to handle pension payments both now and long term. He expressed his desire to not have this be a long drawn out process and contentious wants it to be smooth and quick and focused on key issues we have to resolve. He stated he would like between now and Monday if we have an additional meeting when that could be.

Aldersperson Chesney asked who drafted additional revenue sources. City Clerk Zuravel responded that has been document used for many years and was originated from Duane Price. It has been the preference of past councils to review this during budget time.

Aldersperson Klemm asked do we still need to move the \$5,000 out of TIF fund for a5 deal. Mayor replied we don't need a separate motion we can do that simply by line items we apply in TIF's. Mayor Gitz asked Aldersperson Chesney if he understood correctly that if we could find some different ways to utilize some of our activities in TIF funding to help with some of these issues that that would not meet with opposition. Aldersperson Chesney responded he would like to see what that looks like but generally be in support of that and in these times we have to look at unique ways to reallocate to the general and he would like to see what the proposals look like and knows that Aldersperson McClanathan would like to see also see those proposals.

Mayor Gitz would like recommendations directly to him and will coordinate with departments.

PUBLIC COMMENTS – AGENDA OR NON-AGENDA ITEMS

Jon Staben, 1070 N. Canyon Drive, Freeport, Illinois remarked that last visit last Monday his comments were relative to the lateness of the meeting and the conflict that existed. He expressed compliments that this was a productive, cooperative, first class meeting. He stated he had raised the issue with Ordinance 2016-23B that changed the authority from Corporation Counsel to Corporate Authority and that he had read the definition of Corporate Authority and the definition as it applies to a municipality restricts the council's ability to use that. It was done properly, it was the correct definition and Sarah Griffin put it in there. In discussion tonight there was a concern relative to the lead abatement grant money. He spoke of his support of the lead abatement grant. Last item is he has raised questions as to elimination of the Legal Department and he stated there would be no questions if the community had been included in that process. The community was excluded; no public hearings and this was done by the council and that was a mistake. He stated the council represents the people and they should have been involved in this process. He feels this will be an ongoing problem.

Tom Teich, Freeport Illinois, asked when new restaurant would be open to which Director Mills replied soon.

Upon a motion duly made and seconded, the meeting was adjourned at 7:32 PM.

s/ Diane Kahly

Diane Kahly
Deputy City Clerk