

**ROCHELLE CITY COUNCIL
REGULAR COUNCIL MEETING MINUTES
APRIL 22, 2013**

The Rochelle City Council met in Regular Session at 7:00 p.m. on Monday, April 22, 2013 in the Council Chambers of City Hall; 420 N. 6th Street; Rochelle, IL 61068.

PLEDGE TO THE FLAG & PRAYER: The Prayer was said by City Clerk McKinney.

ROLL CALL: Present on Roll Call were Councilmembers McDermott, Hollonbeck, Rice, Berg, Eckhart, Hayes and Mayor Olson. Absent: None. Quorum was present. Also present were City Manager Plyman and City Clerk McKinney.

PROCLAMATIONS, COMMENDATIONS, ETC.: None

REPORTS AND COMMUNICATIONS:

- Mayor: Mayor Olson thanked the staff for their work during the latest storm
- Council Members:
- Financials – March 2013: In Council packets

PUBLIC COMMENTARY: None

BUSINESS ITEMS:

1) CONSENT AGENDA ITEMS BY OMNIBUS VOTE with Recommendations:

- a) Approve Minutes of City Council Meeting – April 8, 2013
- b) Approve Bills – 032913 - 040413: **\$338,077.68**; 040513 – 041113: **\$1,576,722.20**
- c) Approve Payroll – 031813 – 033113: **\$213,396.99**
- d) Authorize the Use of City Hall for National Day of Prayer – May 2, 2013

Moved by Councilwoman Hollonbeck and seconded by Councilman McDermott, **“I move Consent Agenda Items (a) through (d) be approved by Omnibus Vote as recommended.”** Roll call vote was taken. Ayes: Councilmembers Hollonbeck, McDermott, Rice, Eckhardt, Berg, Hayes, and Mayor Olson. Nays: None. Motion passed 7-0.

- 2) Budget Fiscal Year 2013-14 (Public Hearing and Action):** Committee of the Whole Budget Workshops were held on March 11, April 4, and April 18 to discuss the proposed budget and answer questions. The date for the Public Hearing, required by State law, was set for April 22, 2013. Final action on the Budget is required on or before April 30, 2013. The final Proposed 2013-14 General Fund revenues are budgeted at \$9,594,441. This represents an increase of approximately 15% over the approved 2012-2013 budget. Budgeted expenses total \$9,575,301 which is also approximately 15% over the 2012-13 budget and results in a budget surplus of \$19,140. The combination of the General Fund with Special Revenue Funds, Enterprise Funds, Internal Service Funds, Trust and Agency Funds and Capital Project Funds results in budgeted revenues totaling \$69,673,971 and budgeted expenses totaling \$73,389,793. Illinois statutes require that the City conduct a public hearing on the proposed budget to allow citizens the opportunity to provide comments. After the Council returns to regular session, members of the Council can propose modifications to the proposed budget, each of which will be voted on by the Council. The proposed budget as amended will then be subject to a final Council vote for approval. Councilman Eckhardt moved and seconded, **“I move the Council recess into a Public Hearing for the 2013-14 Budget.”** Roll call vote was taken. Ayes: Councilmembers Hollonbeck, McDermott, Rice, Eckhardt, Berg, Hayes, and Mayor Olson. Nays: None. Motion passed 7-0. No one came forward to make a comment. Councilman Berg moved and seconded by Councilman McDermott, **“I move the Council return to Open Session.”** Motion passed by voice vote without dissent. Councilman Eckhardt moved and seconded by Councilman Berg, **“I move the 2013-2014 Fiscal Year Budget (13-4303) be approved.”** Roll call vote was taken. Ayes: Councilmembers Hollonbeck, McDermott, Rice, Eckhardt, Berg, Hayes, and Mayor Olson. Nays: None. Motion passed 7-0.

- 3) **Resolution Establishing Minimum/Maximum Wage Rates for Fiscal Year 2013-14:** The Municipal Code of the City of Rochelle requires that the City Council annually approve a resolution establishing minimum/maximum wage rates for all position classifications within the City. The proposed wage rate resolution is based upon a review completed by the Human Resources Manager. It applies to all employees and is based on job categories as defined by the Equal Employment Opportunity Commission. The rates included in this resolution are consistent with those that were incorporated into the proposed City Budget for Fiscal 2013-14. Councilman Rice moved and seconded by Councilman Eckhardt, **"I move Resolution R13-06, A Resolution Establishing Minimum/Maximum Wage Rates for 2013-2014 Fiscal Year, be adopted."** Roll call vote was taken. Ayes: Councilmembers Hollonbeck, McDermott, Rice, Eckhardt, Berg, Hayes, and Mayor Olson. Nays: None. Motion passed 7-0.
- 4) **Purchase of Asphalt Roller – Street Department:** The proposed 2013-14 Street Department Capital Outlay Budget includes \$47,000 for the purchase of an asphalt vibratory roller. If approved, the proposed roller will replace a 1990 model. Subsequent to the required public notice, the City Clerk opened bids from four suppliers on April 11th. Superintendent Tim Isley reviewed the bids and found that only one of the bidders, Casey Equipment Company, met the minimum specifications. The apparent low bidder, West Side Tractor Sales, did not meet the specifications for horsepower, centrifugal force or chassis articulation. Therefore, Isley recommends the acceptance of the bid from the second lowest bidder, Casey Equipment Company of Cherry Valley, in the amount of \$45,900. Tim Isley was present to answer questions. Councilman Berg moved and seconded by Councilman Rice, **"I move Council accept Bid C13-05 for a 2013 Tandem Vibratory Roller from Casey Equipment Company in the amount of \$45,900 and reject all other bids."** Roll call vote was taken. Ayes: Councilmembers Hollonbeck, McDermott, Rice, Eckhardt, Berg, Hayes, and Mayor Olson. Nays: None. Motion passed 7-0.
- 5) **Resolution for the Purchase of Solid Waste Fund Bonds by the Electric Fund for the Purchase of the Golf Course:** March 20th the Mayor and Council, in cooperation with the Flagg Rochelle Community Park District, approved an Intergovernmental Agreement and Contract to Purchase the local golf course and banquet facility at a purchase price not to exceed \$800,000. On April 4th the two entities closed on the property at a cost to each of \$388,666.95. In order to fund the purchase of the golf course property, the City Manager authorized a transfer from the Electric Fund to the Solid Waste Fund. The auditors recommend that this interfund transfer be authorized through a council resolution. Attorney Cooper has prepared a resolution for this purpose in addition to a Solid Waste Fund Bond. The resolution and associated bond provide for \$388,666.95 to be advanced from the Electric Fund to the Solid Waste Fund on April 4th and for the full balance of \$392,569.20, which includes principal and interest of .20% per year, be repaid to the Electric Fund on or before April 4, 2018. Councilman Eckhardt moved and seconded by Councilwoman Hollonbeck, **"I move Resolution R13-07, A Resolution for the Purchase of Solid Waste Fund Bonds by the Electric Fund for the Purchase of the Golf Course, be adopted."** Roll call vote was taken. Ayes: Councilmembers Hollonbeck, McDermott, Rice, Eckhardt, Berg, Hayes, and Mayor Olson. Nays: None. Motion passed 7-0.

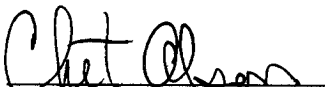
- 6) **Resolution Granting Real Estate Tax Abatement for the Rochelle Golf Course and Banquet Center:** On March 20th the City Council and Flagg Rochelle Park District approved an Intergovernmental Agreement, a Contract to Purchase and a Facility Lease Agreement with the Greater Rochelle Economic Development Corporation (GREDCO) associated with the local golf course and banquet facility. These actions were taken to preserve approximately 73 acres of green space and related meeting/banquet facilities located in the center of Rochelle. GREDCO plans to invest a significant amount of capital to upgrade, maintain and operate the Rochelle Golf Course and Banquet Center over the next few years. In order to make this project viable, GREDCO is requesting a tax abatement of 100% per year for the next five years on the golf course land and associated buildings. However, abatements for years four and five would be contingent on the extension of the Facility Lease Agreement between the parties. The golf course and banquet facility will provide a minimum job creation/retention of 15 full/part-time positions. In addition, the preservation and enhancement of this facility is important for business development and quality of life in our community. Alan Cooper was present to answer questions. Councilman Berg moved and seconded by Councilwoman Hollonbeck, **"I move Resolution R13-08, A Resolution Granting Real Estate Tax Abatement for the Rochelle Golf Course and Banquet Center, be adopted."** Roll call vote was taken. Ayes: Councilmembers Hollonbeck, McDermott, Rice, Eckhardt, Berg, Hayes, and Mayor Olson. Nays: None. Motion passed 7-0.
- 7) **Resolution Establishing Utility Services Price Schedule for Electric:** The 2012 cost of service study used to design the rates for Rochelle Municipal Utility (RMU) electric customers created a balancing of the rate structure with revenue requirements. The report included a recommendation to increase the electric rates by approximately 14% in order to more closely meet the cost of providing service. At that time, City Manager Plyman recommended that the rate increase be phased in over two years to ease the impact on the customers. Therefore, the rate schedules that were subsequently drafted by Baker Tilly and approved by the City Council on April 23, 2012 represented an overall rate increase of approximately 7%. In October of 2012, the Mayor and Council authorized the City Manager to engage the firm of Baker Tilly/UFS for consulting services related to electric revenue requirements, cost of service and rate design for RMU in order to follow up on the 2012 cost of service study. An Electric Cost of Service study was subsequently prepared and presented to the City Utility Advisory Board (UAB) on April 11th. The report includes a recommendation to revise the electric rates in order to more closely meet the cost of providing service especially with regards to basic cost versus energy cost as well as provide an efficient rate structure for economic use of energy. The proposed rate schedules have been drafted by Baker Tilly/UFS and represent an overall rate increase of approximately 2%. A typical residential customer with an average electric bill of \$ 79.40 will see an increase of \$ 5.04 in the four summer months and a reduction by \$ 3.09 per month in the eight non-summer months if no changes to energy use is made. The UAB formally recommended approval of the modification of the electrical rate structure. In addition, RMU has introduced additional energy savings incentives to support residential customers in cost savings especially in the summer months. Dan Westin was present to answer questions. Councilwoman Hollonbeck moved and seconded by Councilman Rice, **"I move Resolution R13-09, A Resolution Establishing Utility Services Price Schedule for Electric, be adopted."** Roll call vote was taken. Ayes: Councilmembers Hollonbeck, McDermott, Rice, Eckhardt, Berg, Hayes, and Mayor Olson. Nays: None. Motion passed 7-0.

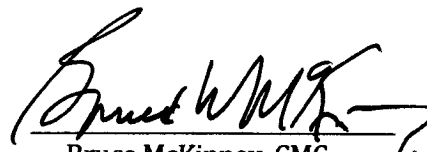
- 8) **Ordinance Authorizing the Issuance of General Obligation Refunding Bonds:** On October 12, 2010, due to the availability of low cost Recovery Zone Bonds, the City Council approved an ordinance authorizing the issuance of general obligation bonds to finance offsite improvements related to the Lighthouse Pointe Subdivision. The City subsequently issued \$2,940,000 of Taxable General Obligation Bonds, Series 2010 (Recovery Zone Economic Development Bonds). This allowed the City to take advantage of the Recovery Zone Bond program which included a 45% interest credit subsidy from the Internal Revenue Service (IRS). On March 1st sequestration cuts to the federal budget were ordered which directly affect the subsidy available through the Recovery Zone Bond program. After consulting with our financial advisor and bond attorney, Finance Manager Chris Frye believes that the IRS will reduce the interest credit subsidy by 8.7% and possibly more in the future. Language included in the Recovery Zone Bonds allows the City to refund the bonds due to an "extraordinary event" and specifically refers to the reduction of the 45% credit. Therefore, staff believes it may be in the best interest of the City to refund the General Obligation Bonds Series 2010. Approval of the parameters ordinance will allow staff to move forward in the process of issuing General Obligation Refunding Bonds in an amount not to exceed \$3,125,000, which includes interest due and bond issuance costs, at an interest rate not to exceed 5.5%. Refunding the bonds under these parameters will reduce the interest expense for the remainder of the term of the bonds and will eliminate the risk that the IRS will further reduce the credit. Chris Frye was present to answer question. Councilman Berg moved and seconded by Councilman Rice, **"I move Ordinance 13-4304, An Ordinance authorizing and providing for the issuance of not to exceed \$3,125,000 aggregate principal amount General Obligation Refunding Bonds (Tax Increment Financing Alternative Revenue Source), Series 2013 for the City of Rochelle, Ogle and Lee Counties, Illinois, and for the levy of a direct annual tax sufficient to pay the principal of and interest on said bonds, be adopted."** Roll call vote was taken. Ayes: Councilmembers Hollonbeck, McDermott, Rice, Eckhardt, Berg, Hayes, and Mayor Olson. Nays: None. Motion passed 7-0.

DISCUSSION ITEMS: None

EXECUTIVE SESSION: None

ADJOURNMENT: At 7:57 p.m., moved by Councilman Berg and seconded by Councilman Rice, **"I move the Council adjourn."** Motion passed by voice vote without dissent.


Chet Olson, Mayor


Bruce McKinney, CMC
City Clerk, City of Rochelle