

**ROCHELLE CITY COUNCIL  
REGULAR COUNCIL MEETING MINUTES  
SEPTEMBER 26, 2016**

The Rochelle City Council met in Regular Session at 7:00 p.m. on Monday, September 26, 2016 in the Council Chambers of City Hall; 420 N. 6<sup>th</sup> Street; Rochelle, IL 61068.

Six

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

**ROLL CALL:** Present on Roll Call were Councilmembers Eckhart, Hayes, Hollonbeck, T. McDermott, and Mayor Olson. Absent: Burke and D. McDermott. A quorum of five was present. Also present were Assistant to the City Manager Messer and City Clerk McKinney.

**PROCLAMATIONS, COMMENDATIONS, ETC:**

National Fire Prevention Week – October 9-15, 2015

Public Power Week – October 2-8, 2016

**REPORTS AND COMMUNICATIONS:**

Mayor: Mayor's appointment to the planning and zoning commission. Councilor Hollenbeck moved and seconded by Counselor Eckhart, "**I move the Council approve the mayor's appointment of Kurt Wolter to the planning and zoning commission as a nonvoting member at large for a term to expire July 1, 2020.**" Roll call vote was taken. Ayes: Eckhart, Hayes, Hollonbeck, T. McDermott and Mayor Olson. Nays: None. Motion passed 5-0.

Council: None.

**PUBLIC COMMENTARY**

**BUSINESS ITEMS:**

**1) CONSENT AGENDA ITEMS BY OMNIBUS VOTE with Recommendations:**

- a) Approve Minutes of City Council Meeting – September 12, 2016
- b) Approve Bills – 090216-091516
- c) Approve Payroll – 082916-091116
- d) Authorize the Rochelle Lions Club annual candy sale as requested-October 7, 2016.

Moved by Councilor Eckhart and seconded by Councilor T. McDermott, "**I move Consent Agenda Items (a) through (d) be approved by Omnibus Vote as recommended.**" Roll call vote was taken. Ayes: Eckhart, Hayes, Hollonbeck, T. McDermott and Mayor Olson. Nays: None. Motion passed 5-0.

2) **Audit reports fiscal year 2015/2016.** On January 25, 2016 the Mayor and City Council approved a contract with Sikich, LLP to perform an audit of the City's financial operations for fiscal years ending April 30, 2016, 2017 and 2018. Although this is the first year under the new contract, this is the seventh year that Sikich has completed our annual audit. Sikich planned and performed the audit in order to obtain reasonable assurance about whether the financial statements are free of material misstatements. This included performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The audit also included evaluating the appropriateness of accounting policies used, significant estimates made by management and evaluating the overall presentation of the financial statements. The auditor's opinion, as noted on page 2 of the Comprehensive Annual Financial Report, indicates that the financial statements "present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rochelle, Illinois, as of April 30, 2016, and the respective changes in financial position and, where applicable cash flows thereof for the year ended in conformity with accounting principles generally accepted in the United States of America." Fred Lantz, Partner-in-Charge of Government Services for Sikich, provided an overview of the City's Financial Statement and respond to questions from the Mayor and Council members. Moved by Councilor Eckhart and seconded by Councilor Hollonbeck, **"I move the Council approve and place on file the audit reports (16-4606) for fiscal year 2015/2016 as prepared and presented by Sikich, LLP."** Roll call vote was taken. Ayes: Eckhart, Hayes, Hollonbeck, T. McDermott and Mayor Olson. Nays: None. Motion passed 5-0.

3) **Ordinance changing the fiscal year for the city of Rochelle to a calendar year basis.** Chapter 65 of the Illinois Municipal Code establishes the default fiscal year for municipalities with less than populations of 500,000 but authorizes the City Council to establish and change the fiscal year for the City. The City Council previously established a fiscal year beginning on May 1 and concluding on April 30 of the following year. City Manager Plyman recommends changing the fiscal year to coincide with the calendar year effective January 1, 2017. There are several benefits to making this change including:

- More closely aligning the City's budget and tax levy.
- Health and liability insurance premiums are done on a calendar year so budgeting for these items would be more accurate.
- Rate changes effective January 1<sup>st</sup> would be easier for many of our local industries to anticipate in their budgets.
- Many of our Capital Improvement Projects are currently budgeted across multiple fiscal years due to a construction season that stretches from March-November.
- Getting estimates in the fall for early spring construction projects may result in better pricing.

Per Sikich, the City's auditors, an ordinance to change the fiscal year must be approved by the City Council and filed with the Secretary of State and State Comptroller's Office.

Moved by Councilor Hayes and seconded by Councilor Hollonbeck, **"I move ordinance 16-4607, and ordines changing the fiscal year for the City of Rochelle to a calendar year effective January 1, 2017, be approved."** Roll call vote was taken. Ayes: Eckhart, Hayes, Hollonbeck, T. McDermott and Mayor Olson. Nays: None. Motion passed 5-0.

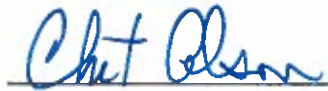
- 4) **Electric unrestricted cash reserve policy.** The purpose of the Electric Fund Balance and Unrestricted Cash Reserve Policy is to maintain an adequate amount of reserves to protect Rochelle Municipal Utilities Electric ability to provide reliable electric service during periods of power supply cost uncertainties, reductions in sales due to weather or a sluggish economy, volatile energy prices and rising capital improvement costs while maintaining stable rates. It is important for RMU Electric to maintain the financial flexibility to smooth rate increases. Properly designed reserve policies send a positive signal to ratepayers, investors, and regulatory and credit rating agencies that the City is committed to maintaining the long-run fiscal strength of RMU Electric. Strong and transparent financial policies, including maintaining prudent reserves for emergencies, rate stability, working capital and capital improvements, are consistent with best practices in the utility industry. The policy states that "RMU Electric will have sufficient unrestricted, undesignated reserves to maintain or improve its credit ratings; ensure that operating and maintenance costs will be paid in a timely manner, to pay debt service obligations, and to invest in needed capital improvements and equipment replacement on a timely basis. In addition, RMU Electric will maintain sufficient reserves to minimize rate increases due to market volatility, weather impacts on demands, emergencies (such as natural disasters), and regulatory changes." The policy includes a Target (Minimum) Level equal to 90 days of operating and maintenance expenses and a Maximum Level equal to 120 days of operating and maintenance expenses. The Utility Advisory Board, at its meeting on September 21<sup>st</sup>, voted to recommend that the City Council approve the policy. Moved by Councilor Hollenbeck and seconded by Councilor Eckhart, "I move the Council approve electric unrestricted cash reserve policy." Roll call vote was taken. Ayes: Eckhart, Hayes, Hollonbeck, T. McDermott and Mayor Olson. Nays: None. Motion passed 5-0.
- 5) **Ordinance approving development agreement- 1300 N. 7<sup>th</sup> St.** The City continues to spur development by offering a variety of incentive options including: real estate tax abatements, sales tax rebates and waiving and/or reducing specific City fees. Providing incentives, when appropriate, is important when attracting and maintaining both industrial and commercial/retail facilities in our community. DKS Real Estate, LLC owns the property located at 1300 North 7<sup>th</sup> Street. The property currently includes a commercial building, which houses an automobile repair shop, and a parking lot. DKS intends to relocate a Chrysler/Jeep Dealership to the property which will be operated by Sawicki Motor Company, Inc. The owner and operator plan to remodel the existing building to include an automobile showroom and repair facilities with completion no later than December 31, 2017. Once renovated, the facility will employ a minimum of eight full-time employees. Based on the development of the property as outlined in the agreement and the anticipated economic impact, the following incentives are proposed:
- **Real Estate Tax Abatement** – Abatement of the City's real estate taxes attributed to any new improvements over five years as follows: 90%, 75%, 60%, 45% and 30%.
  - **Sales Tax Rebate** – Rebate of ½ of the 1% portion of the Operator's Retail Occupation Tax attributable to sales and services rendered at the new showroom/repair facility for a period of three years. This rebate will be extended for an additional two years if local contractors provide 50% of the total contracted cost of the development.
  - **Building Permit Fees** – Waiver of building permit fees for new construction and renovations for one year.
  - **Codes** – Un-renovated portions of the facility will remain subject to the codes that were in affect at the time of construction, providing it was in compliance at that time. Moved by Councilor Hollenbeck and seconded by Councilor Hayes, "I move ordinance 16-4608, an ordinance approving development agreement for 1300 N. 7<sup>th</sup> St., be approved." Roll call vote was taken. Ayes: Eckhart, Hayes, Hollonbeck, T. McDermott and Mayor Olson. Nays: None. Motion passed 5-0.

**DISCUSSION ITEM:** Jenny Thompson presented an overview of the city's new mobile app. The city has launched a new mobile app, Hello, Rochelle. This is a simple way for residents to keep up with happenings around town, contact city staff with ease, view posts on the city's Facebook page and link to the city, RMU and Township websites.

**EXECUTIVE SESSION:** At 8:17 PM Counselor Hollenbeck moved and seconded by Counselor Eckhart, "I move the Council recess into executive session to discuss the (employment, compensation, discipline, performance and/or dismissal) of specific employees. Section (c) (1); and pending or imminent litigation. (c)(11). Roll call vote was taken. Ayes: Eckhart, Hayes, Hollonbeck, T. McDermott and Mayor Olson. Nays: None. Motion passed 5-0.

At 8:55 PM, Counselor Hollenbeck moved and seconded by Counselor Eckhart, **"I move the Council return to open session"**. Motion passed by voice vote without dissent.

**ADJOURNMENT:** At 8:55 PM, moved by Counselor Eckhart and seconded by Counselor T. McDermott, "I move the Council adjourn." Motion passed by voice vote without dissent.



Chet Olson , Mayor



Bruce W. McKinney, CMC  
City Clerk, City of Rochelle