

**ROCHELLE CITY COUNCIL
REGULAR COUNCIL MEETING MINUTES
NOVEMBER 27, 2017**

The Rochelle City Council met in Regular Session at 7:00 p.m. on Monday, November 27, 2017 in the Council Chambers of City Hall; 420 N. 6th Street; Rochelle, IL 61068.

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

ROLL CALL: Present on Roll Call was Councilmembers Bearrows, Burke, Hayes, D. McDermott, T. McDermott, Shaw-Dickey and Mayor Olson. Absent: None. A quorum of seven was present. Also present were City Manager Fiegenschuh, Attorney Wagner, and City Clerk McKinney.

PROCLAMATIONS, COMMENDATIONS, ETC:

REPORTS AND COMMUNICATIONS:

Mayor: None

Council:

Mayor Olson appointed Gary Dunn to the Airport Advisory Board. Councilperson D. McDermott moved and seconded by Councilperson Bearrows, **"I move the Council approve the appointment of Gary Dunn to the Airport Advisory Board."** Motion passed by voice vote without dissent.

PUBLIC COMMENTARY. Guillermo Martinez-invited public to new art gallery open house.

BUSINESS ITEMS:

1) CONSENT AGENDA ITEMS BY OMNIBUS VOTE with Recommendations:

- a) Approve Minutes of City Council Meeting – 11/13/17
- b) Accept and Place on File Minutes of Golf Course Advisory Committee – 09/25/17
- c) Accept and Place on File Minutes of Utility Advisory Board – 9/20/17
- d) Approve Exceptions 11/7/17-
- e) Approve Bills – 11/21/17
- f) Approve Payroll – 10/09/17-10/22/17
- g) Approval of Jeff Fiegenschuh as the Northern Illinois Municipal Power Agency Alternate Director
- h) Approve City of Rochelle Meeting Dates for 2018
- i) Approve City of Rochelle Legal Holidays for 2018
- j) Accept and Place on File Budget Summary Month Ending 10/31/17

Motion made by Councilor Barrows and seconded by Councilor Burke, **"I move Consent Agenda Items (a) through (j) be approved by Omnibus Vote as recommended."** Roll call vote was taken. Ayes: Bearrows, Burke, Hayes, D. McDermott, T. McDermott, Shaw Dickey and Mayor Olson. Nays: None. Motion passed 7-0.

Mayor moved items 12 and 11 up in the agenda.

- 12) **Resolution Authorizing the Execution of a Memorandum of Understanding and Application to the UAS Integration Pilot Program.** NATEX Research & Development LLC is seeking to submit an application through the FAA to identify a community to test and collect data on the use of Unmanned Aircraft System (UAS) technology. UAS technology is advancing rapidly and the FAA is looking for sites where these aircraft can be tested within boundaries of rural settings. The MOU attached to this memo allows NATEX to submit a competitive application for Rochelle to be a potential test site. We believe that as UAS technology becomes a viable resource for direct distribution of products that can be delivered through "Drones," economic development opportunities will follow. Test sites will likely become permanent locations for new industries that are designed to take advantage of such technologies. Dennis Rouleau, NATEX Research, was present to present to answer questions. Motion made by Councilor T. McDermott and seconded by Councilor D. McDermott, **"I move Resolution R17-25, a resolution authorizing the execution of a Memorandum of Understanding and application to the USA Integration Pilot Program, be approved."** Roll call vote was taken. Ayes: Bearrows, Burke, Hayes, D. McDermott, T. McDermott, Shaw Dickey and Mayor Olson. Nays: None. Motion passed 7-0.

11) **Resolution Authorizing the City Manager to Execute a Letter of Intent with NextEra Energy Transmission Mid-Atlantic, LLC.** Rochelle currently owns approximately 20 miles of 138 kV transmission lines and associated substation facilities at Caron Road and Twombly (Substation #2). Since August 1, 2015, RMU has operated these facilities as a transmission owner ("TO") under the applicable tariff and related agreements of PJM Interconnection, LLC ("PJM"). As a PJM TO, Rochelle recovers an annual revenue requirement for its transmission facilities, which allows Rochelle to recover all necessary transmission-related expenses, including transmission O&M, A&G, taxes, insurance, and depreciation, earn a return on transmission rate base and recover a Payment in Lieu of Taxes. The transmission function has served Rochelle well by enabling the City to meet PJM reliability requirements and regional compliance obligations, with the necessary cost being shared by customers throughout the applicable transmission zone rather than solely by RMU customers. However, RMU's primary focus as an electric utility is on providing electric distribution service to retail and commercial customers, not the provision of transmission-related services. In order to better enable RMU to meet current operational needs and better situate it to meet potential future needs; RMU issued a request for proposals on July 12, 2017, to explore opportunities either for a transmission-related strategic partnership, or an outright sale of its transmission assets to a transmission-focused company. Rochelle received competitive proposals from six respondents, four of which were bids for an outright sale of RMU's transmission assets. These proposals have been evaluated by RMU staff and its consulting team and follow-up interviews were conducted with four of the respondents. The results of these evaluations have been shared with council members over the course of two executive sessions, most recently on November 13th. After careful consideration, RMU is recommending that the council authorize the City Manager to execute a Letter of Intent ("LOI") and enter into negotiations over a potential definitive agreement with NextEra Energy Transmission MidAtlantic LLC ("NEET"). In our view, NEET has offered Rochelle the best overall value for the outright sale of Rochelle's transmission assets, including a commitment to work in close partnership with RMU on future transmission-related projects that will need to be completed in the next few years to enhance the reliability of the existing system and to serve new load requirements. If the council accepts this recommendation, an LOI will be executed and negotiations over the definitive agreement will commence immediately thereafter. If the negotiations are successful, we will bring the agreement to the council for review and final approval. It is anticipated that this would occur most likely during the first quarter of 2018. Motion made by Councilor Shaw-Dickey and seconded by Councilor D. McDermott, **"I move Resolution R17-24, a resolution authorizing the city manager to execute a Letter of Intent with NextEra Energy Transmission Mid-Atlantic, LLC, be approved."** Roll call vote was taken. Ayes: Bearrows, Burke, Hayes, D. McDermott, T. McDermott, Shaw Dickey and Mayor Olson. Nays: None. Motion passed 7-0.

- 2) **Ordinance Adopting 2017 Tax Levy.** The State of Illinois requires the City annually adopt and file a Property Tax Levy Ordinance on or before the last Tuesday in December. Last year the City's Equalized Assessed Valuation (EAV) was \$225,031,578 and its property tax rate was \$1.053060 per \$100 of EAV. The City collected \$2,372,996 in property taxes. For the upcoming year, Ogle County has estimated the City's EAV at \$238,031,578. The proposed levy calculations would result in the City collecting \$2,486,713 in property taxes, an increase of 4.98% (excluding the bond). Based on the estimated EAV, the tax rate would decrease .008361 per \$100 of EAV. The proposed 2017 levy includes funding the Police and Fire Pension Funds as recommended by the City's actuarial studies. Chris Cardott was present to answer questions. Motion made by Councilor Hayes and seconded by Councilor Bearrows, **"I move Ordinance 17-4766, Tax Levy Ordinance, be approved."** Roll call vote was taken. Ayes: Bearrows, Burke, Hayes, D. McDermott, T. McDermott, Shaw Dickey and Mayor Olson. Nays: None. Motion passed 7-0.
- 3) **Ordinance Abating the Taxes Levied for 2017 - Taxable General Obligation Bonds.** In 2010, the Mayor and Council approved an ordinance providing for the issuance of bonds to finance offsite improvements related to the Lighthouse Pointe Subdivision and Route 38 corridor. The City subsequently issued Taxable General Obligation Bonds, Series 2010 (Recovery Zone Economic Development Bonds) in the amount of \$2,940,000. In April 2013, due to federal budget cuts which affected the subsidy available through the Recovery Zone Bond program, the Council approved the issuance of General Obligation Refunding Bonds in an amount not to exceed \$3,125,000, which included interest and bond issuance costs. The annual debt service related to these bonds is being paid through TIF revenues, instead of property taxes, when sufficient funds are available. In order to abate the property taxes, the proposed ordinance must be approved annually and forwarded to Lee and Ogle County. Motion made by Councilor T. McDermott and seconded by Councilor D. McDermott, **"I move Ordinance 17-4767, an ordinance abating the taxes levied for 2017 to pay debt service on taxable obligation bonds, be approved."** Roll call vote was taken. Ayes: Bearrows, Burke, Hayes, D. McDermott, T. McDermott, Shaw Dickey and Mayor Olson. Nays: None. Motion passed 7-0.

- 4) **Resolution Authorizing the Sale of Surplus Real Estate – 122 S 9th Street.** The City of Rochelle is currently the owner of a vacant lot located at 122 S. 9th Street. The property is surplus real estate and it is no longer necessary for the City to retain ownership. The property is zoned R5 (Multi-Family-High Density Residential) with a lot size of 66' x 123.75'. The land is a vacant lot with no existing structures. On November 1, 2017, the City obtained a written appraisal prepared by state certified appraiser Ryan L. Herbig of Midwest Appraisal Services, LLC. The written appraisal sets the value of the property at \$6,000 and is available for public inspection. The City Council may accept any contract proposal to purchase the property pursuant to 65 ILCS 5/11-76-4.1 by a vote of two-thirds. The property must be sold not less than 80% of the appraised value. Motion made by Councilor Hayes and seconded by Councilor Shaw-Dickey, **"I move Resolution R17-21, a resolution authorizing the sale of surplus real estate at 122 S. 9th St., be approved."** Roll call vote was taken. Ayes: Bearrows, Burke, Hayes, D. McDermott, T. McDermott, Shaw Dickey and Mayor Olson. Nays: None. Motion passed 7-0.
- 5) **Resolution Establishing Utility Services Price Schedule for Electric including Rider 4 Interconnection and Net Metering Program for Renewable Energy Effective 01/01/18.** Currently, RMU has four solar customers and based on the number of solar inquiries, the solar production in the Rochelle area is expected to grow. In order to ensure RMU is billing for solar at an acceptable rate, RMU retained Utility Financial Solutions (UFS) to conduct an avoided cost determination for the value of solar. Mark Beauchamp (UFS) presented the findings from the study to the city council on October 23, 2017. The study was conducted using RMU's system load, class load data and the 2017 cost of service study. The solar production profile was based on irradiance data from the Rockford, IL area and obtained from NREL.gov. The recommended residential avoided cost value for solar is \$0.06146. The recommended commercial avoided cost value for solar is \$0.06860. UFS recommends using net billing to charge for the avoided solar cost. The customer will be charged for all energy delivered to the customer at the rate assigned to the customer. The customer will be credited for all energy received from the customer at the value listed above. A sample of the billing difference between net metering (current) and net billing (proposed) is included. Motion made by Councilor D. McDermott and seconded by Councilor Hayes, **"I move Resolution R17-22, a resolution establishing a utility services price schedule for electric including Rider 4 interconnection and net metering program for renewable energy effective January 1, 2018, be approved."** Roll call vote was taken. Ayes: Bearrows, Burke, Hayes, D. McDermott, T. McDermott, Shaw Dickey and Mayor Olson. Nays: None. Motion passed 7-0.
- 6) **Resolution in Support of an Application to the Illinois Department of Transportation's State Rail Grant Program.** The City of Rochelle Railroad initiated a rail expansion project called Co-Op in 2016. Subsequently the Economic Development Office advanced an application for a grant, for the project, through the Economic Development Administration (EDA). Last Fall the City was awarded, by the EDA, a \$3.42M grant for the \$7.0M project. Upon the announcement of the EDA award, the Economic Development Office approached the Governor's office and the Illinois Department of Transportation (IDOT) for a matching grant to help the City of Rochelle fund the rail expansion project. The IDOT State Rail Grant Program has now come forward to offer the City of Rochelle \$2.58M to go along with the \$3.42M EDA grant. Together these two grants amount to \$6M. The current CIR revenues will allow us to cash flow the remaining \$1M for the completion of Project Co-Op. Motion made by Councilor D. McDermott and seconded by Councilor Burke, **"I move Resolution R17-23, a resolution in support of an application to the Illinois Department of Transportation's State Rail Grant Program for rail improvements, be approved."** Roll call vote was taken. Ayes: Bearrows, Burke, Hayes, D. McDermott, T. McDermott, Shaw Dickey and Mayor Olson. Nays: None. Motion passed 7-0.
- 7) **Ordinance Authorizing the Purchase of a Ventrac 4500 Series Tractor and Tractor Equipment without Competitive Bidding - Golf Course.** Our goals at the golf course over the 7 year agreement are to repair buildings, make upgrades to the golf course, replace equipment, build a reserve source of money, and at the end of the agreement we hope to have the course running on its own without any financial help. We would like to purchase a Ventrac tractor with a contour mowing deck for the price of \$27,461.00. This unit will replace a 2001 mower that is specific to green bank and tee bank mowing. We decided on the Ventrac tractor due to its capabilities to add over 21 attachments that are golf course related making the tractor a multi versatile machine to us. The majority of golf course equipment is site specific. We would like to pay for the unit over a six year period with annual payments of \$5,681.24 due May 1st at an interest rate of 4.6%. This will allow us to keep progressing on other upgrades to the property and equipment while still building our reserves. City will submit a Credit Application to get a lower interest rate. Motion made by Councilor Barrows and seconded by Councilor T. McDermott, **"I move Ordinance 17-4768, an ordinance authorizing the city manager to execute a purchase order in the amount of \$27,461 with Burris Equipment for a Ventrac 4500 series tractor and tractor equipment, without competitive bidding, be approved."** Roll call vote was taken. Ayes: Bearrows, Burke, Hayes, D. McDermott, T. McDermott, Shaw Dickey and Mayor Olson. Nays: None. Motion passed 7-0.

- 8) **Engineering Agreement with Willett Hofmann & Associates – Meadowbrook Area Sanitary Sewer Lining Project.** The City of Rochelle was recently awarded a community development block grant from the Illinois Department of Commerce and Economic Opportunity in the amount of \$284,652 to line approximately 4,000 feet of sanitary sewer. The City was awarded this grant based on various factors such as basement back up occurrences, income levels and bypass pumping occurrences. This project will line the sewers along Sunnymede, Springdale, part of Fairview and Short Ct. I expect the project to be completed in the summer of 2018. Willett has been an integral part of this project since its inception approximately 4 years ago. Construction costs are estimated for this project at \$354,710 and the city is required to provide \$88,680 in local funds per grant requirements. Motion made by Councilor Burke and seconded by Councilor T. McDermott, **“I move Agreement 17-4769, an engineering agreement with Willett Hoffman and Associates for the Meadowbrook area sanitary sewer lining project in the amount of \$40,500, be approved.”** Roll call vote was taken. Ayes: Bearrows, Burke, Hayes, D. McDermott, T. McDermott, Shaw Dickey and Mayor Olson. Nays: None. Motion passed 7-0.
- 9) **Engineering Agreement with Baxter & Woodman Consulting Engineers – Water Reclamation Facility Improvements.** In 2016 Willett Hoffmann and Associates was awarded a contract to provide the Water Reclamation Department with a facilities plan along with a rate study to help secure funding sources for numerous wastewater treatment plant upgrades. The report was completed and submitted to the Illinois Environmental Protection Agency (IEPA). On September 19th we posted a request for qualifications to evaluate engineering firms to design the upgrades for next year and received 4 statements of qualifications. Over the course of 2 weeks we visited numerous facilities and conducted field interviews with the plant managers to evaluate the quality of work from each firm. The plant improvements will be phased over the course of 2 years and funded through a low interest IEPA loan. In August of 2017 we made the final payment on a 20 year loan and plan to borrow an equivalent amount so the rates will not have to increase. The proposed projects for 2018 include system 1 pump station modifications, new preliminary treatment bar screen grit removal equipment, SCADA system upgrade, anaerobic lagoon rehabilitation, administration building addition, high efficiency blower replacement(s), and eliminate the Cleveland 2 lift station. The proposed projects total around \$5,000,000 in construction costs. The proposed engineering agreement specifies a fixed cost not to exceed based on a time and material basis since some of these projects may not happen based on a preliminary study. Adam Lanning was present to answer questions. Motion made by Councilor D. McDermott and seconded by Councilor Burke, **“I move Agreement 17-4670, an engineering agreement with Baxter and Woodman Consulting Engineers for water reclamation facility improvements in an amount not to exceed \$816,500, be approved.”** Roll call vote was taken. Ayes: Bearrows, Burke, Hayes, D. McDermott, T. McDermott, Shaw Dickey and Mayor Olson. Nays: None. Motion passed 7-0.
- 10) **Ordinance Amending Chapter 66 of the Municipal Code Regarding Possession of Cannabis and Possession of Drug Paraphernalia.** On July 29th Governor Rauner signed into law SB 2228 which removed the criminal penalties for those found in possession of 10 grams or less of cannabis. SB2228 further provides that the penalty for possession of any drug paraphernalia seized during the arrest for the offense of possession of cannabis 10 grams or less shall be a civil law violation. Both offenses are punishable by a minimum fine of \$100.00 and a maximum fine of \$200.00. The Rochelle Police Department and the City Prosecutor believe that the ordinance should be modified and updated to be consistent with the new Illinois law. Motion made by Councilor T. McDermott and seconded by Councilor D. McDermott, **“I move Ordinance 17-4671, an ordinance amending and updating Chapter 66 of the municipal code regarding possession of cannabis and drug paraphernalia, be approved.”** Roll call vote was taken. Ayes: Bearrows, Burke, Hayes, D. McDermott, T. McDermott, Shaw Dickey and Mayor Olson. Nays: None. Motion passed 7-0.

Discussion item. None.

EXECUTIVE SESSION: at 8:189 PM, Counselor D. McDermott moved and seconded by Counselor Burke, "I move the Council recess into executive session for discussion of minutes of meetings lawfully closed under this Act for purposes of approval by the body of the minutes or semi-annual review of the minutes as mandated. Section (c) (21)." Roll call vote was taken. Ayes: Bearrows, Burke, Hayes, D. McDermott, T. McDermott, Shaw Dickey and Mayor Olson. Nays: None. Motion passed 7-0.

At 9:12 PM Counselor Shaw Dickey moved and seconded by Counselor Hayes, "I move the Council return to open session." Motion passed by both without dissent.

ADJOURNMENT: At 9:125 PM, moved by Counselor Bearrows and seconded by Counselor Shaw-Dickey. I move the Council adjourn." Motion passed by voice vote without dissent.


Chet Olson, Mayor


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