



City Council

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

MINUTES

COUNCIL MEETING

MONDAY, FEBRUARY 6, 2017 AT 6:00 P.M.

CALL TO ORDER

The regular 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 6:00 p.m. on Monday, February 6, 2017.

ROLL CALL

Present on roll call: Mayor Gitz and council members Tom Klemm, Peter McClanathan, Art Ross, Jodi Miller, Patrick Busker, Sally Brashaw, and Andrew Chesney (7). Alderperson Mike Koester was absent.

Staff members present: Finance Director Guary Bernadelle, Community Development Director Alex Mills, Public Works Director Tom Dole, Fire Chief Scott Miller, Chief of Police Todd Barkalow, Water and Sewer Executive Director Tom Glendenning, City Engineer Shaun Gallagher and City Clerk Zuravel.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Alderperson Brashaw.

APPROVAL OF AGENDA

Alderperson Brashaw moved for approval of the agenda, seconded by Alderperson Klemm. Mayor Gitz noted he will be removing from the council agenda the item pertaining to TIF consulting firms under item number nineteen, new business. Motion prevailed by voice vote without dissent.

APPROVAL OF MINUTES

Alderperson McClanathan moved for approval of the minutes from the meeting held on January 17, 2017; January 23, 2017; and January 30, 2107. This motion was seconded by Alderperson Brashaw. Motion prevailed by voice vote without dissent.

PUBLIC COMMENTS – AGENDA ITEMS

Bernie Mrugala, 1310 S. Galena Avenue, Freeport, Illinois, spoke about issues relating to the Water and Sewer rate structure proposed in the ordinances being presented this evening. He stated he is not in favor of the rate structure. He stated he performed calculations and estimated it needs an increase of \$8.75 total when factoring in the debt services. He estimated there is revenue need of \$1.7 million to

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support the infrastructure, the sewer projects would need \$555,000, and we also have a depreciation expense of \$1.1 million. He suggested development of a stronger financial plan and notations on the water billing to know what consumers are spending on debt service.

Aldersperson Brashaw requested leave of council to hear from Mr. Smith. Council stated their concurrence.

Nicholas Smith, 2518 Shepard Drive, Freeport, Illinois, stated he is a member of Grace Episcopal Church located at 10 S. Cherry Avenue, Freeport, Illinois. He stated he is here to bring attention to the condition of the storm sewer in Cherry Avenue between Main Street and Stephenson Street. He explained he has been talking to the City Engineer, Shaun Gallagher, about this for about two years. The storm sewer is broken at this location and when there is substantial rainfall, the storm water wells up through the pavement on Cherry Avenue. He stated his concerns of this weakening the surrounding sidewalk, street, and possibly the foundation of the church. He asked that the City fix the storm sewer at the earliest possible time to avoid any human injury or damage to the building.

ORDINANCES FOR WATER RATES – FIRST READING

Mayor Gitz introduced council agenda items 4, 5, 6, 7, and 8 as the Water and Sewer rate structure ordinances that were recommended for presentation by the Committee of the Whole at their last meeting. He stated we will have a presentation by City Engineer Gallagher and Director Glendenning for review of the overall package, followed by questions from the council, and then will go back to each item for their first reading one by one.

Provided in the council packet was the following memorandum from City Engineer Shaun Gallagher which he reviewed for the City Council and public:

“The Freeport Water and Sewer Commission has prepared the attached Ordinances, as requested by the City Council at the January 9th Committee of the Whole meeting. The Executive Director, City Engineer, and Board of Water & Sewer Commissioners agree that the following Ordinance changes are in the best interest and long-term viability of the City of Freeport.

“Understanding that there will always be difficult individual financial conditions, catastrophic failures like those witnessed on January 18, 2016, requiring a City-wide boil order will continue with regularity until these infrastructure issues are addressed. The formal recommendation by the Commission was to increase Service Fees that have not been adjusted since 1989 and 1996, increase the Operation and Maintenance rates by 10% to cover losses to inflation since 2007, remove the declining Tiered Water Rate Structure, and increase Capital Improvement Revenue to invest \$156 million in the water and sewer systems over the next 40 years.

“Ordinance #2017-11 Option A is proposed to increase the Capital Improvement Fund by \$7 for three (3) years for a total increase of \$21. As discussed at length at prior Council Meetings, this funding is necessary to begin replacing the current depreciated assets within the water and sewer systems. This increase would result in a 46.2 year replacement program to complete \$156 million in capital

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improvements recommended by the Commission. This does not account for inflation over that program lifespan.

“Ordinance #2017-11 Option B proposed to increase the Capital Improvement Fund by \$8 for three (3) years for a total increase of \$24. This would result in a 41.3 year replacement program to complete \$156 million in capital improvements recommended by the Commission. This does not account for inflation over that program lifespan. For clarification, only one Ordinance will be approved regarding the Capital Improvement Fund.

“Ordinance #2017-12 is proposed to increase the existing Fee Schedule for services performed by the Water & Sewer Commission. This Ordinance increases security deposit fees to cover two months billing of the average water and sewer bill and increases shutoff/turn-on fees to the equivalent personnel costs to perform the task. Service connection fees are also increased to match the construction costs for replacement services. Additional sections concerning connections and metering that are no longer applicable have also been removed.

“Ordinance #2017-13 is proposed to replace the existing Tiered Rate Structure with a single usage rate for residential, commercial and industrial water usage. The production cost to the Water & Sewer Commission does not decrease with the volume of water used, therefore this has a negative impact on the Operations and Maintenance side of the budget, theoretically losing money the more a customer uses. A Tiered Rate Structure does not promote water conservation, but rather consumption at the cost of the rest of the utility users.

“Ordinance #2017-14 & #2017-15 are proposed to increase the existing usage fees for water and sewer consumption by ten percent (10%) to counter 42% inflation from 2007-2016 of Operations and Maintenance Expenses, prior to the passage of the annual CPI increase this past fall.

“It is important to note that a history of political and economic influences have taken a toll on the Water & Sewer Commission over the past 50 years. These proposed Ordinances promote the long-term infrastructure maintenance and replacement plan needed to ensure public health and environmental safety within the City. However, these proposed Ordinances have already been reduced from the prior recommendations of the Executive Director and City Engineer that proposed a 30-year Capital Improvement Plan at a \$30 increase, due to the level of deterioration within the existing water and sewer systems.

“Although many in our community simply view these ordinance changes as another tax on an already taxed-out local economy, this should be viewed as an investment in the future of Freeport. Passage of these ordinances will aid in rebuilding our neighborhoods, increase opportunities to attract new businesses with 21 Century infrastructure, improve health and sanitation for our residents, as well as creating and retaining construction jobs within the City.”

Also provided in the council packet was a letter from superintendent of Freeport School District #145.

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City Engineer Gallagher stated he has placed in the council packet six ordinances covering multiple issues. The first ordinance (Ordinance #2017-11) provides for Option A and Option B. This is for the capital improvement fund. Under Option A we are looking at \$7, \$7, \$7 which is a \$21 increase over a period of three years. The other option is \$8, \$8, \$8 which is a \$24 increase over a three year period. This will allow us to self-fund the \$156 million in capital improvement projects over a forty-year span. One of the itemized issues with the current \$156 million is that it does not include inflation. When we talk about this particular revenue over forty years, it is very likely that monies available at that time are going to be significantly inadequate. However, as mentioned by the public commenter, we have a substantial amount of debt service that will decrease over the next twenty years. We look to use that as the inflation fighter as we move forward. That will allow us to absorb about 1.3% inflation over that forty year period. He noted, historically, inflation rates have varied from 6, 7, or 8%. This past year the inflation rate was 4.8% for water and sewer products going into operations and maintenance. We do have the current ordinance to increase our revenues at a maximum 5% inflation rate; however, that does not cover a capital improvement surcharge. That is fixed until changed moving forward to cover \$156 million. He stated we will utilize debt service to shore up as inflation increases and chips away at that total amount.

City Engineer Gallagher explained the second ordinance presented tonight (Ordinance #2017-12) is for existing fees. Most of the fees that have been on the books have not changed since 1989 for sewer fees and 1996 for water fees. They are not relevant now that they have not been changed for twenty years. He stated what we mostly wanted to address was security deposit fees to make sure that if we are going to shut someone off in a two-month window, we won't be carrying them and they can't skip out on the bills and have us suffer the loss. We want to make sure we have two months on-hand. That amount would go back to the customer after a one year period if they pay their bills. That amount is kept separate in its own account. They also updated the connection fee costs to match the construction costs for replacement services.

City Engineer Gallagher explained the third ordinance on the council agenda, #2017-13, proposes to remove the tiered rate structure. We are theoretically losing money the more water a customer uses. This is more applicable to non-residential customers because most residential customers do not exceed the 7,480 gallons specified as the second tier. There is also a third and fourth tier. He stated the tiered rate structure would be removed on the last day of this fiscal year. The new O&M (which will be presented in the next ordinance) and the increases would go into effect the following day. There is a drop of the tiered rate system and then there is a formation of the new rate system.

City Engineer Gallagher stated Ordinance #2017-14 and Ordinance #2017-15 are the Operations and Maintenance (O&M) increase which reflects 42% inflation from 2007 to 2016. He stated we do have the new Consumer Price Index (CPI) we will enact this fiscal year. However that does not make up for the 42% inflation that we lost over the last decade. That is to shore-up the O&M portion of our budget. The Capital Improvement Plan (CIP) is for new developing projects.

City Engineer Gallagher explained the biggest concern is that he wants everyone to understand what kinds of increases are being proposed. In the slides at the previous council meetings, he provided a worst-case scenario of an eight-year budget. That is showing the low user, average user, and high user

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over eight years with a projected maximum inflation rate cap of 5%. He noted you cannot predict inflation so there is a five percent cap that we used in the calculation every year. He stated that in those examples with an \$8, \$8, \$8 CIP increase, the customer would pay \$3.55 toward the initial O&M increase and then \$24.00 in the CIP. An increase of \$18.25 is shown assuming max inflation over that same period. He noted the \$18.25 could be \$0 if there is no inflation, although unlikely. He stated the percentage increases are for the water and sewer portion of the bill and does not affect storm sewer or garbage. We do not handle the garbage rate. When we are talking about an 80-90% increase, that is the water and sewer portion of the bill.

Water and Sewer Commission Member Mark Winter stated they have agonized over this for several months. This will affect all of us. This will enable us to shore up our water and waste treatment systems. Mr. Winter introduced other members of the Water and Sewer Commission including Bobbi Yount and Jim Medendorp, present on behalf of the Water and Sewer Commission, to voice their support of the proposed ordinances before the City Council this evening regarding the rate fee changes.

Mr. Winter stated the department has done a marvelous job over the years working with the funds from our revenues even though they were short on the budget of operations/maintenance and capital improvements. It has come to the point where we are only maintaining the system and it just is not cutting it anymore. The system is aging and it is getting to the point that it needs to be replaced. It has depreciated well past its expected life span. We have pipes in the ground that are well over 100 years old. To continue to push it even further without proper planning for a systematic replacement is, in the Commission's opinion, courting disaster.

Mr. Winter explained that we need to replace our failing systems and the decision was made well over 100 years ago when the pipes were laid. It is now a matter of when the pipes and the system will wear out. A decision has to be made of when we are going to do it and how we are going to do it. He asked whether we are going to choose an orderly, scheduled, properly-funded, thoughtfully-engineered process with the most convenient timing for the city and for our citizens or are we going to do it bits and pieces as the system fails - often in the middle of the night, usually in the middle of the winter, sometimes on weekends, and with boil orders attached to it. That is going to be the result of not being proactive and not doing it properly. Mr. Winter stated the Water and Sewer Commission chooses the planned process and he encouraged the council members to do so also.

Director Glendenning stated he will answer questions after the ordinances are read. City Engineer Gallagher stated this needs to be looked at as an investment and not a tax. He read aloud from his memorandum, "Although many in our community simply view these ordinance changes as another tax on an already taxed-out local economy, this should be viewed as an investment in the future of Freeport. Passage of these ordinances will aid in rebuilding our neighborhoods, increase opportunities to attract new businesses with 21 Century infrastructure, improve health and sanitation for our residents, as well as creating and retaining construction jobs within the City." He stated most of the work that has been proposed can be constructed by our local contractors. The money will stay in the community to help it continue to grow and meanwhile we are shaping our neighborhoods. This is a substantial investment for our community that needs to be made and this is a monumental decision, and he is well aware of the gravity of the situation as we move forward.

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Council members were provided an opportunity for discussion on the proposed ordinances.

Aldersperson Brashaw referred to a discussion point at the last council meeting and asked about the removal of the tiered rate structure and if the main businesses affected have been contacted. Director Glendenning explained the businesses that use 15% of the water are only paying 10% of the water expenses, and we are not recovering the operations and maintenance expenses off the first gallon. Based on their volume use, there are five businesses that are more affected. When the decision of the rate structure is finalized, he will review the rate structure with them. Director Glendenning stated he proposes the rate structure to begin May 1, 2017.

Aldersperson McClanathan asked Director Glendenning to have the conversation with the industrial users before putting it into final implementation. He asked if Director Glendenning could have the discussion between the first and second reading. Director Glendenning stated if that is what the Council requests, then that is what he will do. Aldersperson McClanathan asked what public meetings have been scheduled. Mayor Gitz stated there were two meetings held for Ward 1 and Ward 6. There will be other meetings scheduled on the same sites as other public meetings by ward and that schedule will be announced tomorrow, published in the newspaper, and published as public service announcements this week. Aldersperson McClanathan asked if Mayor Gitz anticipates having meetings in Ward 2, 3, 4, 5 and 7. Mayor Gitz stated, yes, and they will add a meeting at the golf course.

Aldersperson Klemm recognized the Water and Sewer workers present at the meeting. He noted the history in the 70's, 80's and 90's was that there was not a lot of work done on infrastructure improvements which has cost us and put us in the position that we are in today. He explained the difference between the spun cast mains which have experienced breaks all over town compared to the pipe laid over 100 years ago. This project will take place in a number of wards and, in particular, in the 3rd Ward where the work on the water plant will take place and the 5th Ward where the work on the tank will take place. He does support having more meetings and he will assist with them as needed. He stated his support of meeting with users affected by removal of the tiered rates. He stated his support of moving forward with the rate structure provided by Option B of Ordinance #2017-11.

Mayor Gitz stated once we complete the questions on the entire package, then we will take motions after each ordinance is read into the record.

Director Glendenning stated in the two previous presentations over the last year, a number was provided for improving the Wastewater Treatment Plant. He has now received projections on the cost to upgrade the infrastructure that is currently failing but also in order to meet the potential new State and Federal regulations for nutrient. The original number he provided was only for the first phase portion, not knowing until the facility planning document was completed of what all needed to be done. He now has the draft version of what that looks like 10-20 years from now. It will definitely happen by 10 years. The whole idea was to make phased improvements to the Wastewater Treatment Plant in an orderly fashion so that it fits the long term plan. The cost for a total revamp of the Wastewater Treatment Plant is \$45 million dollars.

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Director Glendenning explained that a lot of the inflation fighting factors they put into the numbers, assuming that the debt on the loans and bonds in twenty years will help fight that inflation factor, we pretty much will wipe that out with that number. The number of \$45 million will probably get a loan that has thirty-percent forgiveness on it but that still is about \$30 million that is a significant amount of dollars that we have to plan for our future without jeopardizing the plan that was laid out to the council for the forty years. He asked the council to keep this number in mind and to not jeopardize the existing program and plan.

Aldersperson Chesney stated the ordinance marked #2017-11 Option A and Option B needs to be amended to read "and thereafter". It should read "Capital Improvement Surcharge FY 2019-2020 and Thereafter". City Engineer Gallagher agreed that the ordinances will be corrected on its face before the next reading.

Aldersperson McClanathan asked if Director Bernadelle has had a chance to review the numbers and assumption on the projects. Director Bernadelle has reviewed the numbers provided by City Engineer Gallagher. He has reviewed the numbers and is comfortable where they came from.

Discussion was held on the operations and maintenance dollars, inflation, the CPI amendments, and the lack of revenues of the Water and Sewer Commission to keep the system up to date. City Engineer Gallagher reviewed the requirements of the IEPA and the cost of recently-completed projects placed on the website so that people can be made aware of costs. He publishes pay estimates and details through various reporting measures. The Council would approve the projects through bid format or equipment purchases.

Aldersperson Chesney asked what dollar amount the Freeport Park District will be contributing to our overall infrastructure projects. Aldersperson Chesney noted they are exempt from paying any fees to us. City Engineer Gallagher explained they do not pay the capital improvement fee; they are paying the water usage fee. The terminology within the ordinance was not clear to the Park District when they were provided that. He stated they were told or indicated they would have no bills. However, the ordinance specifically reads the capital improvement charge at that time would be negated moving forward but they would still pay usage. There have been clarification issues over various administrations since that was adopted.

Aldersperson Chesney asked if the City Engineer has worked with the Park District in the interest of their needs and he referred to the wording placed in the ordinance. City Engineer Gallagher stated he has forwarded to the City Council the intergovernmental agreement with the Park District and it was not very clear but it references the capital improvement charges at that time and it was exempt from those. He stated it did not go into usage and it was poor terminology, because it was very vague where it needed clarification from both parties because the intent was to provide no capital improvement charge but to require usage charges. However the Park District interpreted they would not pay a water bill.

Aldersperson Klemm provided a review of the history and stated the intent was so the Park District would not have to pay capital improvement charges on each of their water fountains that have separate billings. Aldersperson Chesney stated if there is a pipe that delivers that service, that pipe has a finite

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amount of time, and over time it will need to be replaced, and, if they are not paying any capital equipment fees, then are we going to be subsidizing the Park Districts repairs down the road. City Engineer Gallagher stated that is how it is written.

Aldersperson Chesney requested that the Water and Sewer Commission bring a report to the City Council on a recommendation on changing that. When we do anything over \$3,000, we start a depreciation schedule on it. That is a key indicator because some of the assets have been on the books forever and there is no money being put aside to coincide with the depreciation.

Director Glendenning reviewed the capital improvement investments and the depreciation schedules of assets of the Water and Sewer Commission.

The City Council agenda as posted provided two ordinances on the council agenda. Item number four was marked Option A (providing for a \$7, \$7, \$7 split out over the first three years and remaining thereafter) and Option B (providing for a \$8, \$8, \$8 split out over the first three years and remaining thereafter) for capital improvement increases.

The titles of both of the following ordinances were read into the record:

[Option A -- 1ST READING OF ORDINANCE #2017-11:](#)

An Ordinance Amending Chapter 1052 (Water And Sewer Capital Improvement Fund) Of The Codified Ordinances Of The City Of Freeport, Illinois

This ordinance included the following under Section 1:

Section 1. Chapter 1052 entitled "WATER AND SEWER CAPITAL IMPROVEMENT FUND", Subsection 1052.02 "Funding", shall be amended as follows:

**CHAPTER 1052
WATER AND SEWER CAPITAL IMPROVEMENT FUND**

1052.02 FUNDING.

Funding for the Water and Sewer Capital Improvement Fund shall be through the imposition of a monthly Capital Improvement Surcharge to be set as follows:

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Customer Type by Water Meter Size	Capital Improvement Surcharge FY 2015-2016 and thereafter	<u>Capital Improvement Surcharge FY 2017-2018</u>	<u>Capital Improvement Surcharge FY 2018-2019</u>	<u>Capital Improvement Surcharge FY 2019-2020 and thereafter</u>
5/8"	\$16.00	<u>\$23.00</u>	<u>\$30.00</u>	<u>\$37.00</u>
5/8" by 3/4"	\$16.00	<u>\$23.00</u>	<u>\$30.00</u>	<u>\$37.00</u>
3/4"	\$17.12	<u>\$24.00</u>	<u>\$31.00</u>	<u>\$38.00</u>
1"	\$18.88	<u>\$26.00</u>	<u>\$33.00</u>	<u>\$40.00</u>
1-1/2"	\$23.68	<u>\$31.00</u>	<u>\$38.00</u>	<u>\$45.00</u>
2"	\$29.12	<u>\$36.00</u>	<u>\$43.00</u>	<u>\$50.00</u>
3"	\$48.68	<u>\$56.00</u>	<u>\$63.00</u>	<u>\$70.00</u>
4"	\$73.12	<u>\$80.00</u>	<u>\$87.00</u>	<u>\$94.00</u>
6"	\$133.12	<u>\$140.00</u>	<u>\$147.00</u>	<u>\$154.00</u>

Option B -- 1ST READING OF ORDINANCE #2017-11: An Ordinance Amending Chapter 1052 (Water And Sewer Capital Improvement Fund) Of The Codified Ordinances Of The City Of Freeport, Illinois

This ordinance included the following under Section 1:

Section 1. Chapter 1052 entitled "WATER AND SEWER CAPITAL IMPROVEMENT FUND", Subsection 1052.02 "Funding", shall be amended as follows:

**"CHAPTER 1052
WATER AND SEWER CAPITAL IMPROVEMENT FUND**

1052.02 FUNDING.

Funding for the Water and Sewer Capital Improvement Fund shall be through the imposition of a monthly Capital Improvement Surcharge to be set as follows:

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Customer Type by Water Meter Size	Capital Improvement Surcharge FY 2015-2016 and thereafter	Capital Improvement Surcharge FY 2017-2018	Capital Improvement Surcharge FY 2018-2019	Capital Improvement Surcharge FY 2019-2020 and thereafter
5/8"	\$16.00	<u>\$24.00</u>	<u>\$32.00</u>	<u>\$40.00</u>
5/8" by 3/4"	\$16.00	<u>\$24.00</u>	<u>\$32.00</u>	<u>\$40.00</u>
3/4"	\$17.12	<u>\$25.00</u>	<u>\$33.00</u>	<u>\$41.00</u>
1"	\$18.88	<u>\$27.00</u>	<u>\$35.00</u>	<u>\$43.00</u>
1-1/2"	\$23.68	<u>\$32.00</u>	<u>\$40.00</u>	<u>\$48.00</u>
2"	\$29.12	<u>\$37.00</u>	<u>\$45.00</u>	<u>\$53.00</u>
3"	\$48.68	<u>\$57.00</u>	<u>\$65.00</u>	<u>\$73.00</u>
4"	\$73.12	<u>\$81.00</u>	<u>\$89.00</u>	<u>\$97.00</u>
6"	\$133.12	<u>\$141.00</u>	<u>\$149.00</u>	<u>\$157.00</u>

Mayor Gitz asked if there were any questions from the Council regarding Option A and Option B.

Aldersperson Chesney clarified Option A is \$7 and Option B is \$8. Mayor Gitz stated that is correct.

Aldersperson Klemm made a "motion to move OPTION B forward to the first reading." He stated he would like to make note for everyone the first reading does nothing more than to put it into play that they can take a look at it and put it into discussion for anything else that needs to be done. The motion to move Ordinance #2017-11 forward for approval on first reading was seconded by Aldersperson Brashaw. Mayor Gitz stated Alderman Klemm moves to adopt Option B which has been seconded by Aldersperson Brashaw. This being the first reading and, there being no further vote, this ordinance is automatically laid over to the next meeting.

Aldersperson Chesney asked Aldersperson McClanathan if there was an impact if we were to go with \$7 over \$8 and whether the impact outweighs the savings. Aldersperson McClanathan stated the \$7 per month per year for three years and then the \$8 per month per year for three years there extends. We initially were presented with due to the amount of time that has passed between basically starting this overhaul of \$155 million, not even sure how far back it goes something like 30 years but by not starting it "X" years ago, the professional recommendation was to start a 30-year timeframe and that would have required a \$10 per month per year over three years to bring it to \$30 per month. The council then asked the Commission what would happen if we pushed it back to a 40-year timeframe because of the impact

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of going with \$10, \$10, \$10 so then what came back to us was a seven year phase in of that \$30 dollar using numbers of \$2 one year, \$4, \$4, \$4, \$4, \$4, \$4 per month per year for the other years. Through that we then got to the \$7, \$7, \$7 (Option A) and the \$8, \$8, \$8 (Option B) models. The main impact he stated in his opinion was when looking at the \$8 model the most practical impact \$8 will incorporate is the \$155 million dollars' worth of estimated costs for replacement in little over 41 years and we still are not hitting the forty year threshold but it is pretty close. On the \$7 it would take you back to 46.3 years to complete the program. This accelerates the program by five years.

Aldersperson Klemm stated his support of Option B because it gives a little more money up front to begin engineering and inflation is going to take up some stuff. The fewer number of years is worth it.

Aldersperson Brashaw stated her support of Option B after hearing and researching the government standards that will be required on lead pipe. It is mandated that we have to replace so many of them within a certain period of time. She is in support because the outlined plan allows for replacement of some of those services.

Mayor Gitz asked for any other comments on Ordinance #2017-11. Hearing none, he moved on to the next ordinance.

1ST READING OF ORDINANCE #2017-12:

An Ordinance Amending Chapter 1042 (Water Generally) and 1046 (Sewers Generally) of the Codified Ordinances of the City of Freeport, Illinois

Mayor Gitz stated this is to amending security deposits and other fees that have not been adjusted since as long as 1999.

This Ordinance increases security deposit fees to cover two months billing of the average water and sewer bill and increases shutoff/turn-on fees to the equivalent personnel costs to perform the task. Service connection fees are also increased to match the construction costs for replacement services. Additional sections concerning connections and metering that are no longer applicable have also been removed.

Aldersperson Klemm moved for approval of Ordinance #2017-12, seconded by Aldersperson Brashaw.

Aldersperson McClanathan noted there are sections that are being removed for testing and for each structure located on a site which, on November 7, 1967, was outside the corporate limits of the City. He asked for clarification why those two sections were removed. City Engineer Gallagher explained those two sections are not applicable. The first one was eliminated with the new water meters and we also have the ability to check usage now through software so it became irrelevant. If need be, the meter would be replaced. The second portion is the removal of the fee structure for new buildings because it was based on receptacles within a building and usage; however, that is not how it is handled currently. It is either a connection of a new service or replacement of a service, so those fees are not applicable based on current practices. They are already built in.

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Aldersperson Brashaw asked if the highlighted red section is what has changed. City Engineer Gallagher stated yes.

Aldersperson Chesney asked about the oversight of the CPI is proposed to go to the Water and Sewer Commission first. He asked to have included notice given to council yearly. He stated he does not know if that needs to be done in terms of a motion that notice be provided to the City Council of any CPI increase. Mayor Gitz stated that is duly noted and requested notation of such be placed in the minutes. Aldersperson Klemm noted that even though the rates have been raised, they are still quite reasonable.

The ordinance was automatically laid over to the next meeting.

1ST READING OF ORDINANCE #2017-13:

An Ordinance Amending Chapter 1044 (Water Rates and Revenues) of the Codified Ordinances Of The City Of Freeport, Illinois – *Tiered Rate Removal*

Mayor Gitz stated this is regarding the collapsing of the tiered rate removal.

Aldersperson Klemm made a motion to move Ordinance #2017-13 forward, seconded by Aldersperson Brashaw.

Aldersperson Klemm stated he would like to request that we go out and discuss with those that will be most affected.

Director Glendenning stated that the greater portion of the community does not understand the tiered rates and it began back in 1882 when Freeport Water was in business.

The ordinance was automatically laid over to the next meeting.

1ST READING OF ORDINANCE #2017-14:

An Ordinance Amending Chapter 1044 (Water Rates and Revenues) Of The Codified Ordinances Of The City Of Freeport, Illinois – *Operation and Maintenance Water Rates*

Aldersperson Brashaw moved for approval of Ordinance #2017-14, seconded by Aldersperson Klemm. The ordinance was automatically laid over to the next meeting.

1ST READING OF ORDINANCE #2017-15:

An Ordinance Amending Chapter 1048 (Sewer Rates and Revenues) Of The Codified Ordinances Of The City Of Freeport, Illinois – *Operation and Maintenance Sewer Rates*

Aldersperson Brashaw moved for approval of Ordinance #2017-15, seconded by Aldersperson Klemm. The ordinance was automatically laid over to the next meeting.

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CONSENT AGENDA

The following items were presented on the Consent Agenda in the council packet and Mayor Gitz read the items into the record: [Consent Agenda PDF](#)

A. Approval to receive and place on file:

- 1) Certification of Adoption of Form of Municipal Government for the City of Freeport and the Proclamation by Mayor Gitz for the City Manager Form of Municipal Government - documents as filed with Stephenson County Clerk, Circuit Clerk, and Secretary of State
- 2) Building, Electrical, HVAC, Plumbing and Sign Permits for January 2017
- 3) City Treasurer's Monthly Investment Report for December 31, 2016
- 4) City Treasurer's Report of Cash and Fund Balances for December 31, 2016

B. Approval of Water & Sewer Bills Payable (Registers #716 & 719) --- \$394,024.19

C. Approval of Payroll for pay period ending January 21, 2017 --- \$412,831.55 with fringe benefit payments in the amount of \$34,076.31 for a total of \$446,907.86

D. Approval of Finance Bills Payable (Registers #711, 714, 715, 717, 718, 720, 721, TBA) --- \$737,724.39

Aldersperson Klemm moved for approval of the consent agenda, seconded by Aldersperson McClanathan.

The motion prevailed by a roll call vote of:

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

Nays: None

The consent agenda items were approved.

COMMUNICATIONS TO COUNCIL

Director Bernadelle presented Financial Reports for FY 2016-2017 for period ended December 31, 2016, including:

General Fund Highlights	General Fund Details
Water, Sewer, & Storm Sewer Highlights	Water, Sewer, & Storm Sewer Details
Library Highlights	Library Details

Aldersperson Brashaw moved to place the above stated reports on file, seconded by Aldersperson Busker. Motion prevailed by voice vote without dissent.

ORDINANCES – SECOND READING

2ND READING OF ORDINANCE #2017-08:

An Ordinance To Supplement the Appropriation Ordinance Fiscal Year 2016-2017 For the City of Freeport, Illinois – First Supplemental

The first reading of this ordinance was held on January 17, 2017. A motion to adopt was given by Aldersperson Brashaw, seconded by Aldersperson McClanathan and it was automatically laid over to tonight's meeting. The ordinance as written includes the following:

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“Section 1. That the below listed Appropriation in the Annual Appropriation Ordinance of the City of Freeport for Fiscal Year beginning on May 1, 2016 and ending on April 30, 2017, commonly known as City of Freeport Ordinance #2016-36 is hereby supplemented as follows:

- A. Freeport Public Library Fund – The Freeport Public Library has received a donation from the Library Foundation to enable them to retain Friday and Sunday open hours. Therefore, Line item 13-00-399.00 Department Revenue is increasing \$20,000.00 from \$1,126,677.00 to \$1,146,677.00. Accordingly this same amount will be added to Total Personnel Services and Total Personnel Benefits by increasing the line item for Total Personnel Services by \$16,000.00 from \$515,214.00 to \$531,214.00 and by increasing the line item for Total Personnel Benefits by \$4,000.00 from \$219,413.00 to \$223,413.00

Section 2. That all other provisions of City of Freeport Ordinance #2016-36 shall remain in full force and effect without change.”

Upon the second reading and no discussion, the motion for passage of Ordinance #2017-08 prevailed by roll call vote of:

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

Nays: None

2ND READING OF ORDINANCE #2017-09:

An Ordinance Amending Chapter 658 (Nuisances) and Chapter 638 (Inoperable Vehicles) of the Codified Ordinances of the City of Freeport

The first reading of this ordinance was held on January 17, 2017. A motion to adopt the ordinance as written with a deletion of Section 3 regarding brush piles was given by Alderperson Chesney, seconded by Alderperson Busker and it was automatically laid over to tonight’s meeting. It was noted brush piles were removed until further clarification.

Upon the second reading, the motion for passage of Ordinance #2017-09 prevailed by roll call vote of:

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

Nays: None

2ND READING OF ORDINANCE #2017-10:

An Ordinance Amending Title Six Administration Adding Chapter 224 To The Codified Ordinances Of The City Of Freeport, Illinois To Provide For The Position Of City Manager

The first reading of this ordinance was held at the special meeting held on January 23, 2017. A motion to adopt was given by Alderperson Koester, seconded by Alderperson Klemm, and it was automatically laid over to tonight’s meeting.

The following section was read aloud by Alderperson Chesney:

224.03 QUALIFICATIONS OF CITY MANAGER.

The qualifications of the City Manager shall be as follows:

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- (1) A minimum of a Bachelor's degree, preference given to a Master's degree in Public Administration or equivalent;
- (2) A minimum of five years of relevant work experience, or equivalent;
- (3) At the time of appointment, the City Manager need not be a resident of the City, but, within six (6) months after appointment, the City Manager shall reside within the corporate limits of the City. The six month term can be extended by another six months upon approval of the City Council;
- (4) Any other qualifications as may be prescribed by ordinance or resolution of the City Council.

Upon the second reading, the motion for passage of Ordinance #2017-10 prevailed by roll call vote of:
Yeas: Klemm, McClanathan, Ross, Miller, Busker, Brashaw, and Chesney (7)
Nays: None

RESOLUTIONS

ADOPTION OF RESOLUTION R-2017-05:

Resolution to Enter into One Year Contract for Auditing Services for the City of Freeport

The cost for extending the auditing services agreement for one year with Lauterbach and Amen, LLP, to perform the audit for Fiscal Year ending April 30, 2017, is \$40,000. This includes the City Audit, Single Audit, Pension Report for Fire and Police, EPA final Rule DVR Part 258, Section 5311 Grant Reimbursement, DOAP Grant Audit and TIF Funds Audit.

Aldersperson Chesney moved for approval of Resolution #R-2017-05, seconded by Aldersperson Klemm. Motion prevailed by a roll call vote of:

Yeas: Klemm, McClanathan, Ross, Miller, Busker, Brashaw, and Chesney (7)
Nays: None

ADOPTION OF RESOLUTION R-2017-06:

Resolution Authorizing Application to the Department of Justice for the Office on Violence Against Women Grant Program

Police Chief Todd Barkalow and Beth Maskell, Executive Director of VOICES Domestic Violence Services, presented Resolution #R-2017-06, Resolution Authorizing Application to the Department of Justice for the Office on Violence against Women Grant Program. The City of Freeport Fire Department intends to submit a grant proposal for consideration of the Department of Justice's Office on Violence against Women Grant program. This is a national grant program and it provides funding for improved responses for victims of domestic violence, sexual assault, dating violence, and stalking. It also provides funding for improved judicial outcomes of these offenses. The City is seeking funding for a full-time special victim investigator salary and legacy cost, a full-time legal advocate for VOICES, supplies, training, hardware and software. Through this project, we expect to:

- Improve how the Freeport Police Department responds to victims of domestic violence, sexual assault, dating violence, and stalking.
- Improve the likelihood that victims seek services.

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- Improve the judicial response to ensure that offenders are arrested and prosecuted.
- Decrease the overall incidents of these crimes in our community.
- Provide training for law enforcement and project partners.
- Develop better protocols for addressing these crimes.

Mayor Gitz noted there are no City matching funds to apply for this grant.

Aldersperson Busker moved for approval of Resolution #R-2017-06, seconded by Aldersperson Brashaw. Motion prevailed by a roll call vote of:

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

Nays: None

ADOPTION OF RESOLUTION R-2017-07:

Resolution in Support of Enterprise Zone Expansion for Residential Housing

Dave Young, NIDA Director, introduced the resolution which supports submittal of a letter to the Enterprise Zone Committee that indicates the City's support of Rose Ridge Development housing initiative and expansion of the Enterprise Zone. He explained that through the inclusion in the Enterprise Zone it would allow the developer building permit fee relief, sales tax relief on building materials, and phased-in property tax relief.

Ms. Anne Sadler was present and provided an overview of the housing development being proposed as Rose Ridge Development. She stated that the developer, Darko Gligorevic, proposes quality homes that will be considered "smart homes" with many features to satisfy homeowners. She explained there are thirty available lots for building in two subdivisions including lots in Countryside Estates and Shimer Drive area. There will be floor plans available with standard features with average pricing around \$169,900.

Aldersperson Busker moved for approval of Resolution #R-2017-07, seconded by Aldersperson Chesney.

Aldersperson McClanathan referred to the following section of the resolution and asked Mayor Gitz when it will be complete: "Be it further resolved that the Mayor and City Staff are hereby authorized and directed to develop a list of additional measures and financial incentives for potential approval by the Council that would assist in the creation of new residential housing while remaining consistent with sound economic development principles." Mayor Gitz stated he can accomplish it in 30 days or less.

The motion for adoption of Resolution #R-2017-07 prevailed by a roll call vote of:

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

Nays: None

REPORTS OF DEPARTMENT HEADS

Community Development

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Director Mills stated there were two emergency demolitions performed last week including 858 E. Pleasant and 618 E. Center. There will be public hearing on a re-subdivision of Meadows on this February 9, 2017.

Finance

Director Bernadelle reported he is reviewing financial software to obtain bids and he will present this information to Mayor Gitz. They will have to have it reviewed by an IT professional to see if the programs are compatible.

Public Works

Director Dole had no additional report from the activity report. Alderperson Chesney asked if this was a report that could be placed on line. Director Dole stated that is a good idea.

Fire

Fire Chief Miller reported on a structure fire on Moseley and an accident involving a collapse of a vehicle on a person.

Police

Police Chief Barkalow reported the Citizens Police Academy will begin March 8, 2017. He encouraged participation and placed new applications and fliers on the website. They are also available through the Police Department and their Facebook page. He noted information about the Battle of the Badges which supports worthy causes including "Shop with a Cop".

Water and Sewer

Director Glendenning had no further report.

MAYOR'S REPORT

Mayor Gitz reported the status of Cobblestone Building Federal Court proceedings. He will provide notice to the council if there are updates.

Mayor Gitz noted that at noon on Tuesday, February 14, 2017, the City of Freeport and the Freeport Area Chamber of Commerce will be hosting a ribbon cutting ceremony for our new City Hall at 314 West Stephenson Street. This event also celebrates the 162nd anniversary of the incorporation of the City of Freeport. After the ribbon cutting, there will be private tours and then the building will be open to the public from 3:00 pm to 6:00 pm. He stated they are working on a parking plan and will send notice to the City Council.

COUNCIL ANNOUNCEMENTS/NEW BUSINESS

The following item was taken off the agenda and referred to a meeting to be held on February 13, 2017: Approval of a consulting firm for the Tax Increment Financing Districts for City of Freeport (if ready for approval).

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Request from Alderperson Ross and Chesney - Discussion and Demolition of the Former Boys & Girls Club - 633 E Crocker Street.

Alderperson Ross stated his concerns for the building. Alderperson Ross made a motion to seek bids for the demolition of 633 E Crocker Street.

Mayor Gitz asked Alderperson Ross to reconsider his motion and then asked further consideration to review whether the demolition could be completed by the Public Works Department which would not require it to be bid out and save expenses for the City. This item was referred to the Committee of the Whole meeting on February 13, 2017, for further information by Director Dole and Director Mills as to asbestos abatement and steel trusses.

There were no further reports from the council members.

PUBLIC COMMENTS – AGENDA OR NON-AGENDA ITEMS

Steve Carroll, 811 Oak, Freeport, Illinois, spoke about a Freedom of Information Request document he was provided through the Housing Authority in regard to pay raises.

Tom Teich stated there will be a Special Olympics held on February 7 and 9, 2017, and there are local athletes that will participate in the snow shoeing event.

Upon a motion duly made and seconded, the meeting was adjourned at 8:10 pm.

s/ Meg Zuravel

Meg Zuravel
City Clerk