

**CITY OF MT. VERNON, ILLINOIS
CITY COUNCIL WORKSHOP MEETING
Monday, August 27, 2018**

The Mt. Vernon City Council met in a Workshop Meeting on Monday, August 27, 2018 at 4:00 p.m. at City Hall, 1100 Main Street, Council Chamber Room, 2nd Floor, Mt. Vernon, IL.

Mayor John Lewis called the meeting to order.

ROLL CALL

Roll call showed present: Council Member Jeff May, Council Member Donte Moore, Council Member Jim Rippy, Council Member Mike Young, and Mayor John Lewis.

VISITORS/CITIZEN'S REQUESTS/ADDRESSES FROM THE AUDIENCE

No visitors spoke at the meeting.

FIRST QUARTER BUDGET REVIEW

Finance Director Merle Hollmann distributed the budget summary chart for the General Corporate Fund, Public Utilities Water Fund, and the Public Utilities Sewer Fund.

The General Corporate Operating Cash at April 30, 2018 was \$2,643,010 and at July 31, 2018, it was \$2,877,445. The Operating Working Fund Balance at April 30, 2018 was \$3,747,079 and at July 31, 2018, it was \$3,714,224. Hollmann explained the Actual Operating Surplus Balance after three (3) months is a deficit of (\$32,855). This is mainly due to actual revenues being received at 24% of the budget instead of the budgeted 25% and due to actual expenditures at 25.1% of the budget instead of budgeted 25%. Council Member Donte Moore asked if Hollmann was comfortable with having 3.3 months of Operating Expenditures. Hollmann stated that he prefers around four (4) months of expenses in the Operating Working Fund Balance. Mayor John Lewis stated that most business models suggest six (6) months to a year. Council Member Jeff May explained that the number depends on peer organizations, volatility, and size of revenue and he feels that three (3) months is good. Lewis stated that the calculations do not include the new sales tax generated by Menards and the increase in video gaming revenue.

Merle Hollmann explained at May 1, 2018, the Water Division was separated from the Sewer Division. The calculations reflect the separation of the funds. They showed a combined deficit of (\$87,315) in Operation Cash and breaking even in the Actual Operating Surplus Balance after three (3) months.

The Public Utilities Water Operating Cash at April 30, 2018 was \$387,458 and at July 31, 2018, it was \$88,291. The Operating Working Fund Balance at April 30, 2018 was \$644,541 and at July 31, 2018, it was \$654,410. Hollmann explained the Actual Operating Surplus Balance after three (3) months is \$9,868. This is mainly due to actual revenues being received at 25.4% of the budget instead of the budgeted 25% and due to actual expenditures at 27.6% of the budget instead of budgeted 25%.

The Public Utilities Sewer Operating Cash at April 30, 2018 was \$00 and at July 31, 2018, it was \$211,851. The Operating Working Fund Balance at April 30, 2018 was \$00 and at July 31, 2018, it was (\$10,283). Hollmann explained the Actual Operating Surplus Balance after three (3) months is a deficit of (\$10,283). This is mainly due to actual revenues being received at 30% of the budget instead of the budgeted 25% and due to actual expenditures at 22.7% of the budget instead of budgeted 25%.

Merle Hollmann presented worksheets showing multi-year comparisons for the 1% Sales Tax, the 1% Home Rule Sales Tax, and the State Income Tax. These are the three biggest General Corporate revenue sources.

The 1% Sales Tax Worksheet showed that in the first month revenue showed a (0.8%) decrease and the second month showed a 10.7% increase. In the last four (4) months, revenue has been trending up in the 6% range.

The 1% Home Rule Sales Tax Worksheet showed that in the first month revenue showed a (3.3%) decrease and the second month showed a 10.5% increase. Mayor John Lewis asked if the 2% State administrative fee factored in the amounts. Hollmann replied that the percentages do not include the fee which began in November 2017. Lewis stated that he heard that the State fee may be lowered to 1.5%.

Hollmann reported that for the State Income Tax, the tax is based on the tax collected in the entire State. The State takes the total tax collected, gives Chicago and the surrounding counties a higher percent, and the remainder is divided among the other communities based on population. In 2017, the State began charging a 10% administrative fee. The monthly percentage comparison includes the 10% fee. In 2018, May showed an (8.6%) decrease, June decreased by (6.6%) and July increased by 43.5%.

Hollmann presented a worksheet showing the City's Loans and Interfund Loans at August 23, 2018. Including interest, the City has \$48,243,331 of debt. Without interest, the City has \$37,484,412 of debt. The biggest part of the debt are the 2012 Bonds which the principal is currently \$28,950,000. The City will begin setting aside part of the new 1% Home Rule Sales Tax to pay down the bonds early. In 2020, the City can call in the 2012 Bonds.

Council Member Jim Rippe asked since it will cost over \$87 million dollars to repair infrastructure, would it be better to pay off the bonds or use the money for the infrastructure repairs. Council Member Jeff May replied that it depends on the City's long-term capital investment strategy and how the City will fund the capital budget over time.

City Manager Mary Ellen Bechtel stated that the City may receive the IEPA Loan forgiveness. The interest rate on the IEPA Loans will increase with the market rate every July.

DISCUSSION ON VETERAN'S PARK LAKE

City Manager Mary Ellen Bechtel reported that the City Park Lake has been a challenge for many years. It is a lake with a waterway that causes a lot of silting plus the over 100 geese and ducks. The City will need to determine the value of the lake and how much the citizens are willing to invest to keep it.

Public Works Director Matt Fauss presented a worksheet showing three options for the City.

Option A This is a type of dredging of the lake using a backhoe on a barge to haul away the silt.

Option B This would dig up and remove the silt buildup to re-establish the lake.

Option C This would abandon the lake and install an open ditch through the form lake bottom.

Option A Matt Fauss reported that Brainard Dredging Company dredged the lake in 2002 or 2003 at a cost of \$40,000. Supposedly, he removed the silt from the lake. In 2007, Fauss did a depth survey of the silt which indicated that a lot of silt remains. It did not appear that the dredging did much good. Fauss spoke with Brainard Dredging and found that they have changed their methods. Instead of dredging by suction or vacuum, he places a barge on the lake with a long reach track hoe to scoop the silt out. This cost to de-silt four-feet of silt from the lake is \$60,000. Fauss stated that the scooping process churns up the silt and some of the material remains suspended in the water column, then later the material settles back down in the lake bottom. Fauss said that if the City chooses Option A, this process would need to be done routinely every year or every couple of years. The advantage of this option is that the lake does not have to be drained, but it will not remove all of the silt. Council Member Jim Rippey suggested to ask for references from customers who used the scooping process. Fauss plans to meet with Brainard Dredging on Thursday and he will obtain references.

Option B Matt Fauss explained that this option is the breaking of the dam to drain the lake and allowing it to drain and dry for at least one or two years. After two years, the City would dig out the silt and re-establish the dam. Option B cost estimate is \$1,033,673. The advantage is that the City would have a good cleaned out lake and the disadvantage is the time it will take to drain and dry the current lake. Council Member Mike Young stated that the last time that the lake was drained was around 1963. Council Member Donte Moore asked how long this option would keep the lake clean. Fauss replied that it depends on how long the City allows the silt to build up before something is done again. If the City wants to maintain a good lake; the City will need to dredge the lake every two to three years.

Mayor John Lewis stated that people have been arguing about the lake for a decade. He spoke with a variety of residents and the majority of the residents do not want the City to spend this amount of money on the lake. The residents that use the Park Lake are vocal and want to keep the lake. He agrees with Fauss that Option A would only stir up the silt and the only way to fix the problem is Option B which is to empty and dredge the lake with dredging every few years. This would cost the City an additional \$25,000 each year. Lakes and waterways in a municipality are more expensive to

maintain compared to the ones in the country. If the citizens want the City to maintain the lake, they need to know the cost to fix the lake and what it is going to cost each year. City Manager Mary Ellen Bechtel stated that the City will need to set an annual maintenance program and dedicate funds each year to it. Option B will not eliminate the algae, and duck and geese problems.

Option C Matt Fauss explained that this option abandons the lake and installs an open ditch through the middle of the former lake bottom. The City will still have to drain the lake and wait one to two years before any work can be done. The bulk of the cost is from trucking in four feet of fill to cover the old lake bottom. The estimated cost of Option C is \$523,127. The advantages are that there will be no lake to maintain, geese will relocate, more green space and shelter space. The disadvantages are that there will be no lake to enjoy, the time it will take to drain and dry the current lake, and maintenance on the new ditch.

Fauss explained that if you analyze the options over twenty years, Option C is the cheapest. The cost to straighten out the one-lane bridge is not incorporated in the estimate. That would add another \$200,000 to the project.

Mayor Lewis said that the bottom line is that it is going to expensive with any option. The City needs to make a decision and move on. Matt Fauss will obtain more information about the dredging and report back to the Council.

VISITORS/CITIZEN'S REQUESTS/ADDRESSES FROM THE AUDIENCE

No visitors spoke at the meeting.

ADJOURNMENT

**Council Member Jim Rippy motioned to adjourn. Seconded by Council Member Donte Moore.
Yeas: May, Moore, Rippy, Young, and Lewis.**

The meeting was adjourned at 5:00 p.m.

Respectfully submitted,



Mary Jo Pemberton
City Clerk