

Mary Jo Pemberton  
City Clerk



City of Mt. Vernon  
1100 Main PO Box 1708  
Mt. Vernon, IL 62864  
cityclerk@mtvernon.com

618-242-6815  
FAX 618-242-6867  
www.mtvernon.com

**CITY OF MT. VERNON, ILLINOIS  
SPECIAL CITY COUNCIL MEETING  
Thursday, September 28, 2017  
7:00 P.M.**

**MINUTES**

The Mt. Vernon City Council held a Special City Council Meeting on Thursday, September 28, 2017 at 7:00 p.m. at the Rolland W. Lewis Community Building, Veterans Park, 800 South 27<sup>th</sup> Street, Mt. Vernon, IL.

Mayor John Lewis called the meeting to order.

The Pledge of Allegiance was recited.

**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.

**VISITOR/CITIZEN REQUESTS/ADDRESSES FROM THE AUDIENCE**

Dan Black, president of the Concerned Citizens of Jefferson County (CCJC), explained that his organization was founded to encourage government officials not to raise taxes as the first option for closing any budget deficits, funding public projects, or expanding government services. Nevertheless, Black stated that the CCJC supports the proposed 1% increase in the City's sales tax. He explained that revenue is needed to fund maintenance and repair costs on the City's long neglected water and sewer systems. Black stated that the 1% sales tax increase will replace the meter tax and lessen the burden on those least able to pay. Since the proposed Ordinance requires an annual review by the City Council, this will force the City to explain to the public the financial impact of the 1% sales tax and if it should be renewed. The sales tax revenue will not be funded by Mt. Vernon citizens alone. It will be shared with visitors and patrons who utilize the City's infrastructure.

Robin Hensley stated that he moved to Mt. Vernon in 1979 and every year there has been a request to raise taxes. People feel that they are taxed enough especially with the 32% State income tax increase. Hensley feels that if the sales tax is increased, it would chase away residents. He stated that Mt. Vernon is already unaffordable and uncompetitive. At the present rate 8.25%, Mt. Vernon is already one of the highest cities in Southern Illinois. If the sales tax is raised to 9.25%, Mt. Vernon would be the highest. Hensley asked if the Council did any research to see how the increase will affect the community. He stated that if the water meter fee was unaffordable to some, there should

be a waiver based on income. He knows that something needs to be done to fund the water and sewer systems, but the 1% sales tax increase is a drastic move. He urged the Council to only increase the sales tax one-half of a percent (. ½%).

**SECOND READING OF AN ORDINANCE**  
**REPEALING THE PUBLIC UTILITIES CAPITAL IMPROVEMENT FEE**

City Manager Mary Ellen Bechtel presented for second reading an Ordinance Repealing the Public Utilities Capital Improvement Fee. This Ordinance will repeal the Capital Improvement Fee upon residents, commercial, and government users of the City's water system. The effective date is January 1, 2018.

Council Member Jeff May stated that this is a "sources and uses situation". In finance, the money should be sourced from where the money is being used. He agreed that the funds raised by the meter tax would be insufficient to make the repairs to the water and sewer systems, but it would be enough to bond over \$25 million in improvements. He said that he does not oppose using sales tax, but the source of the use is a better method.

Council Member Donte Moore suggested that the City drop the meter fee in half and Sales Tax increase to one-half of a percent (. ½%). Moore stated that in five years due to the recent 2% utility rate increase, the City should be able to drop the meter fee.

Council Member Jim Rippy stated that he is always opposed to additional taxes, but he does not think the people understand how serious the condition of the City's infrastructure is and how long it has been going on. He said that the City needs a sound water and sewer system for the future.

**Council Member Mike Young motioned to adopt Ordinance # 2017-41, an Ordinance Repealing the Public Utilities Capital Improvement Fee. Seconded by Council Member Jim Rippy. Yeas: Rippy, Young, and Lewis. Nos: May and Moore.**

**SECOND READING OF AN ORDINANCE IMPLEMENTING**  
**A 1% HOME RULE MUNICIPAL RETAILER'S OCCUPATION TAX**

City Manager Mary Ellen Bechtel presented for second reading an Ordinance Implementing a 1% Home Rule Municipal Retailer's Occupation Tax. The effective date is January 1, 2018. All proceeds from the imposition of the 1% increase in the Mt. Vernon Home Rule Municipal Retailers' and Service Occupation Tax shall be deposited and maintained as a separate dedicated fund to be expended solely for (i) expenses incurred for Capital construction projects for the Public Utility Department, (ii) expenses incurred for Capital equipment purchases for all City Departments, (iii) expenses incurred for road construction or road maintenance, (iv) early retirement of existing indebtedness with priority to payment of debt with the highest interest rate, and (v) nuisance abatement expenditures, including demolition of dangerous and dilapidated structures. Bechtel explained this sales tax is not applicable to the sales of licensed vehicles, food for human consumption which is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food that has been

prepared for immediate consumption) and prescription and non-prescription medicines, drugs, medical appliances and insulin, urine testing materials, syringes and needles used by diabetics.

Council Member Jeff May stated that he does not oppose using sales tax for public utilities, infrastructure repair, or debt retirement. May explained that the proposed tax represents a 25% increase in the City's revenues or \$14 million in the four years. Just a .25% increase would be sufficient for the \$20 million in utility improvements if funded by IEPA loans. He stated that there is no real urgency to adopt the increases immediately. The City had a surplus of \$800,000 last year and this year may have a small deficit. He said that with a few adjustments, the City should have a balanced budget this year. The City's General Fund is at its highest level in history. If projected shortfalls do occur, May believes that there is enough money in the General Fund to absorb the shortfalls. He stated that the improvements to the utilities could ramp up over time, not immediately. The debt retirement from the utility improvements is several months into the future. May is concerned about giving this much money to a government body without a defined financial plan. He urged the Council to develop and communicate the defined financial plan to the public before implementing the tax increase.

Council Member Jeff May questioned the way the proposed Ordinance reads about abatement expenditures, including demolition of dangerous and dilapidated structures. The way the Ordinance is written, the funds cannot be used to improve structures.

Council Member Jim Rippey stated that he respected Council Member May's opinion, but when he examined the City's finances and the funds needed to repair the infrastructure, he stated that the City needs to fix the problems now. The City cannot reduce the workforce in half like last year to fund the projects. The only option is to obtain the revenue to fix the system now.

Mayor John Lewis stated that the Council was elected to make tough decisions for the City to get it on a sound financial footing. He said that raising the sales tax is not a good solution, but it is the best option. Sales tax has been declining over the last decade due to internet sales and soon all retail sales will be made on-line. The only thing left in the City will be service industries. He studied other communities that have raised their sales tax and he saw no impact due to the increases. Mayor Lewis believes this is not a tax increase on the citizens because of the repeal of the meter tax. In fact, it is a tax savings. He stated that the bottom line for him is that he promised to remove the meter tax. The City is replacing the meter tax with a tax that will impact the citizens at a fraction of the pain. He said that the Council is open to any better options and he would repeal the tax if a better option is found.

Council Member Jeff May asked for the annual revenue generated from the meter fee. City Manager Mary Ellen Bechtel replied \$1.2 million. May stated that since 60% of the proposed \$3.4 million sales tax increase is paid by non-residents, 40% paid by City residents will total \$1.36 million. May stated that this method is an increase. Mayor John Lewis agreed. He stated that the meter tax would supply enough funds for public utilities, but there are four other areas that need funding. The meter tax alone would not allow the City to address expenses incurred for Capital equipment purchases, road construction or road maintenance, early retirement of existing, and nuisance abatement expenditures, including demolition of dangerous and dilapidated structures. May replied that if the

tax increase is approved, he believes that the Council needs to develop a real capital expenditure plan for future years. Council Member Jim Rippy explained that capital expenditure plans boil down to three items, (i) what is needed to keep operating, (ii) what is nice to have, and (iii) what is unnecessary to have. Rippy stated that people do not understand how serious the water and sewer system is in Mt. Vernon after years of neglect.

**Council Member Jim Rippy motioned to adopt Ordinance # 2017-42, an Ordinance Implementing a 1% Home Rule Municipal Retailer's Occupation Tax. Seconded by Council Member Mike Young. Yeas: Rippy, Young, and Lewis. Nos: May and Moore.**

#### VISITORS/CITIZENS REQUESTS/ADDRESSES FROM THE AUDIENCE

Dan Black, president of the Concerned Citizens of Jefferson County (CCJC), stated that when the CCJC reviewed the proposed tax increase, it was unanimously agreed that the tax increase was necessary. He agreed that the City needs to come up with a capital expenditure plan quickly.

Mike Beard, Jefferson County Chamber of Commerce Executive Director, reported that the Chamber is not happy with the 1% sales tax increase, however the infrastructure repairs are needed and funding needs to be addressed. Beard asked that the Chamber be included in any further conversation on how the money is spent and the development of another financing option.

#### EXECUTIVE SESSION

No Executive Session was held.

#### ADJOURNMENT

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

The meeting was adjourned at 7:30 p.m.

Respectfully submitted,



Mary Jo Pemberton  
City Clerk