Monday, November 16, 2020
City Council Meeting at 6:30 pm

CITY COUNCIL MEETING AGENDA

Pursuant to Governor Pritzkers Executive Order No. 2020-07 (COVID-19 Executive Order No. 5), Governor Pritzker has suspended certain rules of the Open Meetings Act specifically the Executive Order permits remote public meetings. In light of the current COVID-19 public health emergency and the prohibition of public gathering of 10 or more, the City Council has chosen to conduct the board meeting remotely.

If you would like to listen to the meeting,
please click the link below to join the webinar:
https://us02web.zoom.us/j/87434562409
Or iPhone one-tap :
US: +13126266799,,87434562409# or +19292056099,,87434562409#
Or Telephone:
Dial(for higher quality, dial a number based on your current location):
US: +1 312 626 6799 or +1 929 205 6099 or +1 301 715 8592 or +1 669 900 6833 or +1 253 215 8782 or +1 346 248 7799
Webinar ID: 874 3456 2409
International numbers available: https://us02web.zoom.us/u/kcNazud2Es

1. Meeting Opening

Subject :	A. Call to Order
Meeting :	Nov 16, 2020 - City Council Meeting at 6:30 pm
Type :	Procedural

1. Meeting Opening

Subject :	B. Roll Call
Meeting :	Nov 16, 2020 - City Council Meeting at 6:30 pm
Type :	Procedural

1. Meeting Opening

Subject :	C. Pledge of Allegiance
Meeting :	Nov 16, 2020 - City Council Meeting at 6:30 pm
Type :	Procedural

2. Communication from Visitors

Subject :	A. Public Comment
Meeting :	Nov 16, 2020 - City Council Meeting at 6:30 pm
Type :	Information

File Attachments

public comment policy.pdf (75 KB)

3. Consent Agenda

Subject :	A. Approval of Minutes
Meeting :	Nov 16, 2020 - City Council Meeting at 6: 30 pm
Type :	Action (Consent)
Recommended Action :	Approval of Minutes as presented

File Attachments

[cc110220.pdf (93 KB)]
[cc110920.pdf (83 KB)]

Consent

Our adopted rules of Parliamentary Procedure, Robert's Rules, provide for a consent agenda listing several items for approval of the Board by a single motion. Most of the items listed under the consent agenda have gone through Board subcommittee review and recommendation. Documentation concerning these items has been provided to all Board members and the public in advance to assure an extensive and thorough review. Items may be removed from the consent agenda at the request of any board member.

3. Consent Agenda

Subject :	B. Approval of Bills and Payroll
Meeting :	Nov 16, 2020 - City Council Meeting at 6: 30 pm
Type :	Action (Consent)
Recommended Action :	Approval of Bills and Payroll as presented

Public Content

File Attachments

10-31-20 Balance Sheets.pdf (332 KB)
10-31-20 Budget Performance Report.pdf (389 KB)
Accounts Payable by G_L Distribution Report 11_13_2020 8_33_43 AM_Mary McCormick_3D4079BL.pdf (346 KB)
admin_20201113_082223.pdf (385 KB)

Consent

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3. Consent Agenda

Subject :	C. MFT General Maintenance Resolution #R2020-11-26

Meeting :	Nov 16, 2020 - City Council Meeting at 6:30 pm
Type :	Action (Consent)
Recommended Action :	Staff recommends Council authorize Resolution R2019-11-26 for Motor Fuel Tax expenditures in the amount of $270,000.

Public Content

Each year the City Council must pass resolutions authorizing expenses for all Motor Fuel Tax (MFT) Funds. MFT funds are spent on cold patch, salt, labor for winter maintenance, labor for patching as well as street lighting expenses. The MFT calendar runs on a January-December fiscal calendar versus our May 1 fiscal calendar which generally results in subsequent amendment resolutions.

File Attachments

admin_20201116_101801.pdf (53 KB)

Consent

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3. Consent Agenda

Subject :	D. Final Pay Request #3 to Twin City Construction in the amount of $5,441.92 for 2020 Street Program Contract #1 6th Avenue between 11th Street and LeFevre
Meeting :	Nov 16, 2020 - City Council Meeting at 6:30 pm
Type :	Action (Consent)
Recommended Action :	Staff recommends approval of Final Pay Request #3 to Twin City Construction in the amount of $5,441.92 for 2020 Street Program Contract #1 6th Avenue between 11th Street and LeFevre

Public Content

2020 Street contract #1 entailed the grind and overlay with point repairs to 6th Avenue from 11th Street to LeFevre. Work, including punch list items, have been completed.

File Attachments

2020 Street Program Pay Request November 2020.pdf (1,019 KB)

Consent

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3. Consent Agenda

Subject :	E. Pay Request #3 to Twin City Construction in the amount of $100,794.79 for Reconstruction of Johnson Avenue from 14th Street to 12th Street Phase II
Meeting :	Nov 16, 2020 - City Council Meeting at 6:30 pm
Type :	Action (Consent)
Recommended Action :	Staff recommends approval of Pay Request #3 to Twin City Construction in the amount of $100,794.79 for Reconstruction of Johnson Avenue from 14th Street to 12th Street Phase II

Public Content

The reconstruction of Johnson Avenue from 14th Street to 12th Street is complete with the exception ofthe punch list items. This completes Johnson from LeFevre to 12thAvenue using the funds from the most recent local option sales tax referendum to address drainage issues.

File Attachments

Reconstruction of Johnson Ave Pay Request November 2020.pdf (1,180 KB)

Consent

Our adopted rules of Parliamentary Procedure, Robert's Rules, provide for a consent agenda listing several items for approval of the Board by a single motion. Most of the items listed under the consent agenda have gone through Board subcommittee review and recommendation. Documentation concerning these items has been provided to all Board members and the public in advance to assure an extensive and thorough review. Items may be removed from the consent agenda at the request of any board member.

3. Consent Agenda

Subject :	F. Pay Request #5 to Martin and Company Excavating in the amount of $405,738.34 for reconstruction of the Lynn /LeFevre intersection and resurfacing of Lynn Blvd south of Lefevre
Meeting :	Nov 16, 2020 - City Council Meeting at 6:30 pm
Type :	Action (Consent)
Recommended Action :	Staff recommends approval of Pay Request #5 to Martin and Company Excavating in the amount of $405,738.34 for reconstruction of the Lynn/Lefevre intersection and resurfacing of Lynn Blvd south of LeFevre

Public Content

Work is substantially complete on the roundabout at the intersection of Lynn and LeFevre. The contractor has also completed the resurfacing of Lynn Boulevard from LeFevre to 4th Street. Add-ons included staff approved thermoplastic road markings instead of painting to extend the life of the markings to avoid disruptions to traffic. The intersection is open, though there are a few cleanup items waiting to be addressed which is why the City is not releasing the retainage yet.

File Attachments

Roundabout Pay Request November 2020.pdf (1,629 KB)

Consent

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8. Business Items

Subject :	A. Public Hearing CGH Bonds
Meeting :	Nov 16, 2020 - City Council Meeting at 6:30 pm
Type :	

Public Content

"Public Hearing pursuant to the requirements of Sections 10 and 20 of the Bond Issuance Notification Act of the State of Illinois, as amended on the plans to issue (A) Taxable General Obligation Bonds (Alternate Revenue Source), Series 2021A in the amount not to exceed $36,000,000 and (B) to issue General Obligation Bonds (Alternate Revenue Source), Series 2021B in the amount not to exceed $21,000,000. "

File Attachments

CGH Transcript of minutes.pdf (138 KB)

8. Business Items

Subject :	B. Tax Levy Estimate
Meeting :	Nov 16, 2020 - City Council Meeting at 6:30 pm
Type :	Action
Recommended Action :	Staff recommends the City Council approve the Tax Levy Estimate of $5,214,394, which is below the requirement for a Truth-in-Taxation hearing.

Public Content

Each year the City is required to prepare a Tax Levy Estimate prior to adopting the tax levy for the upcoming fiscal year in accordance with the Illinois Truth in Taxation law. The purpose of the tax levy estimate is to determine whether the estimated levy extension is 5% or greater than the previous years actual levy extension. If the upcoming levy extension is 5% or greater than the actual prior levy, the City must conduct a public hearing.

The projected Equalized Assessed Value (EAV) of the City is projected to increase approximately 5%. This will provide a 5% dollar increase for levies such as police protection and fire protection if the levy *rate* remains unchanged, which is past practice. The aforementioned levy rates are at the Statutory cap, thus the amount collected can only increase through overall growth in property values.

Pension funds do not have levy rate caps under State Statutes in order to provide a guaranteed source of funding for the pensions. The pension funds tax levies have grown far faster than inflation and EAV growth for most of the recent years. The actuary is recommending a minimum contribution to the fire pension fund of $1,391,240 compared to $1,248,142 for the prior year. This is a $143,098 increase over last year, or an 11.46% increase. This amount represents 107.5% of payroll up from 104% of payroll. The City continues to pay more for firefighter pensions than for active firefighter payroll.

The actuary recommended a minimum contribution to the police pension fund of $1,349,242 this year versus $1,219,667 the prior year. This is a $129,575 or 10.6% increase over the prior year. The new amount represents 75.39% of projected payroll, compared to 75.63% from last year.

The actuarially determined contribution recommendations reflect the assets and liabilities from a snapshot in time. The current pandemic has created volatility in the pension funds portfolios. While markets have recovered since earlier declines, some investment vehicles havent fared as well. Further post-election volatility and a pandemic induced economic slowdown over the winter could further negatively affect the pension funds. In March, the Dow and S&P lost 3 years-worth of gains. It has taken most of the year for those indices to rebound. That has contributed to the 11% contribution increases to the fire and police pensions.

Staff gives consideration to several factors when recommending a tax levy, including: property tax rates to businesses and citizens, adequate funding of operation, increasing funding ratios to the pension funds to increase their stability and save long-term and the statutory requirements with which the City must comply. Council and staff have expressed a desire to level out annual increases in the future to avoid sharp spikes in levies to property tax payers. Increasing the funding ratio and making recommended contributions is key to avoiding spikes and a negative spiral.

Staff has always expressed concerns over the ramifications of not funding the pensions by the amount recommended by the actuary, if not more. The sooner the City contributes funds to the pension funds for investment, the more the compounding interest will work in our favor to reduce pension levy increases over the long-term future, lower the risk of funding spikes to meet the State requirements for funding ratios and reduce the risk of the State from seizing our local funding in the event our fire and police pension funds are not adequately funded as State statute allows. Failure to fund adequately today creates higher future tax increases due to the loss of funds for investment. Costs for fire and police services provided today and in yesteryear should not be borne by the next generation.

The State of Illinois passed a law consolidating all of the local fire and police pension funds into two respective funds for the purpose of increasing investment returns and lowering administrative expenses. In advance of the consolidation, which is expected to occur in the latter half of 2021, the more assets we have in the pension funds, the lower our mandatory contributions to the statewide consolidated fund in the future. Future contributions will change depending on the actuarial assumptions the statewide consolidated funds will choose to use. As of this writing, the States consolidated funds have not established the actuarial assumptions they will use to calculate future contributions. Due to the poor fiscal shape of many communities, I suspect, though I have no evidence, the State pension fund boards will likely use less aggressive assumptions than the City of Sterling uses. This would lower our required contributions in the short-term, but cost us more in the long-run. Like IMRF, each city will have its own account with contributions based on each citys own assets and liabilities. Unlike IMRF, the City will still be in charge of administering the pension checks.

Staff is proposing a tax levy estimate of $5,214,394, an increase of $247,942 or 4.99%. Because the overall EAV is expected to increase 5% and the levy *amount* is proposed to increase 4.99%, the proposed property tax *rate* is actually very slightly *lower* (3.0744 vs 3.0746 or 0.01%). This would be the fourth year in a row the levy rate did not increase. As such, a homeowner will not see an increase in the City portion of the property taxes. The increased tax collection comes from growth in the EAV, primarily from industrial property values. Commercial and residential saw slight increases to overall property values, some of which has come from annexations.

The tax levy estimate staff proposes funds the pensions at the actuarially recommended contribution level. In recent years, the City has been able to exceed the recommendations to help further reduce the unfunded liabilities in the pension funds. The fire pension funding ratio decreased by 0.06% percentage points to 50.34% and the police pension funding ratio rose 0.25 percentage points to 55.74%. The stagnant ratios are not unexpected due to the volatility earlier in the year. The State average for downstate fire and police pension funds in 2016 was 57.1% and 57.9%. The City needs to be aggressive, or at least not passive, in trying to return to stable footing. As of now, State law requires us to be 90% funded by 2040, which is 20 years to make up 40 and 35 percentage points. To level out levy increases as discussed in 2017 while still making progress toward the goal of meeting the mandated funding requirements, the City should strive to contribute more in the lower actuarial contribution years if there is hope to put in less in the high years. Putting in more now helps reduce the risk of a higher increase next year. This year tends toward a higher contribution year, but the City can still meet the recommended contribution while keeping the tax rate steady due to the increased EAV. Next year could look very different depending on the fallout from the markets due to Covid-19 and the timing and actuarial assumptions the State boards decide on in the next year. As such, staff recommends continuing to follow actuarial recommendations for contributions this tax levy cycle.

File Attachments

[2020 Tax Levy Estimate.pdf (27 KB)]

8. Business Items

Subject :	C. Resolution 2020-11-25 Referring Consideration of the Vacation of a Portion of the Former Harvey Drive Exit Adjacent to Lynn Boulevard
Meeting :	Nov 16, 2020 - City Council Meeting at 6:30 pm
Type :	Action
Recommended Action :	Staff recommends approval of Resolution 2020-11-25 Referring Consideration of the Vacation of a Portion of the Former Harvey Drive Exit Adjacent to Lynn Boulevard

File Attachments

Harvey Drive Resolution 201 Chestnut Ave 10-23-20 vh.pdf (88 KB)
Harvey and Lynn Property.pdf (1,033 KB)
plat of vacation Harvey Drive.pdf (67 KB)

9. Executive Session

Subject :	A. Move to closed session to discuss appointment, employment discipline, performance or dismissal of specific employees of the public body and collective barganing.
Meeting :	Nov 16, 2020 - City Council Meeting at 6:30 pm
Type :	Action, Procedural
Recommended Action :	Move to closed session pursuant to 5ILCS 120/.2(c)(1) to discuss the appointment employment discipline, performance or dismissal of specific employees of the public body and collective bargaining as covered under subsection (2) of 5 ILCS 120/2(c).

Public Content

Pursuant to 5ILCS 120/2(c)(1) to discuss the appointment, employment, discipline, performance or dismissal of specific employees of the public body, and collective bargaining as covered under subsection (2) of 5 ILCS 120/2(c).