Monday, November 19, 2018
City Council Meeting at 6:30 pm

CITY COUNCIL MEETING AGENDA
Council Chambers - First Floor
212 Third Avenue

1. Meeting Opening

Subject :	A. Call to Order
Meeting :	Nov 19, 2018 - City Council Meeting at 6:30 pm
Type :	Procedural

1. Meeting Opening

Subject :	B. Roll Call
Meeting :	Nov 19, 2018 - City Council Meeting at 6:30 pm
Type :	Procedural

1. Meeting Opening

Subject :	C. Pledge of Allegiance
Meeting :	Nov 19, 2018 - City Council Meeting at 6:30 pm
Type :	Procedural

2. Communication from Visitors

Subject :	A. Public Comment
Meeting :	Nov 19, 2018 - 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 19, 2018 - City Council Meeting at 6:30 pm
Type :	Action (Consent)
Recommended Action :	Approval of Minutes as presented

File Attachments

cc110518.pdf (139 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 19, 2018 - City Council Meeting at 6:30 pm
Type :	Action (Consent)
Recommended Action :	Approval of Bills and Payroll as presented

Public Content

File Attachments

Balance Sheet 10-31-18.pdf (332 KB)
Budget Performance 10-31-18.pdf (390 KB)
Acct Pay 11-19-18.pdf (341 KB)
apsummary 11-19-18.pdf (401 KB)

Consent

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3. Consent Agenda

Subject :	C. Sterling-Rock Falls Jaycees to hold a Bucket Brigade on December 1, 2018
Meeting :	Nov 19, 2018 - City Council Meeting at 6:30 pm
Type :	Action (Consent)
Recommended Action :	Approve the petition from Sterling-Rock Falls Jaycees to hold a bucket brigade on December 1, 2018

Public Content

Each year the Sterling-Rock Falls Jaycees hosts a Christmas party for local youth. They sponsor 50-60 kids and purchase gifts for them. This bucket brigade is a fundraiser for that event.

File Attachments

jaycees 2018.pdf (235 KB)

Consent

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3. Consent Agenda

Subject :	D. Resolution #R2018-11-26 Motor Fuel Tax Funds for General Maintenance in the amount of $270,000.00 for the year of 2019
Meeting :	Nov 19, 2018 - City Council Meeting at 6:30 pm
Type :	Action (Consent)
Recommended Action :	It is the recommendation of City Staff and our consulting engineers, Willett, Hofmann & Associates, Inc. that the City Council approve the attached resolution for Maintenance of Streets and Highways in the amount of $270,000.00.

Public Content

Each year the City Council approves a Resolution for the maintenance of streets and highways as required by the Illinois Department of Transportation. The Resolution covers maintenance supplies, labor and equipment reimbursement costs for the year beginning January 1, 2019 through December 31, 2019. By passing this Resolution the City Council is committing $270,000.00 of Motor Fuel Tax allotment for the purpose of maintaining streets and highways in the City of Sterling. Further, passing the Resolution will allow the City to solicit bids for maintenance materials for the calendar year 2019.
Maintenance supplies purchased with these funds include: road rock, sand, salt for snow and ice control, crack filler, bituminous hot mix and cold patch. We also reimburse our eligible labor and equipment costs as well as a substantial portion of our street lighting cost.

File Attachments

R2018-11-26 MFT.pdf (58 KB)

Consent

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3. Consent Agenda

Subject :	E. Partial Pay Request #5 for Twin City Construction on the 2018 Street Project in the amount of $157,756.53
Meeting :	Nov 19, 2018 - City Council Meeting at 6:30 pm
Type :	Action (Consent)
Recommended Action :	Approve Partial Pay Request #5 for Twin City

	Construction on the 2018 Street Project in the amount of $157,756.53

Public Content

This pay request includes the reconstruction of E. 8th Street and E. 16th Street from the original contract to be paid from the capital fund with local option sales tax proceeds. It also includes additional quantities to pour the 1st phase of paths at the riverfront. That portion will be paid from contributions to the Northwestern Redevelopment Fund from an outside source.

File Attachments

PPR5-16th Street.pdf (140 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. Partial Pay Request #2 for the Second Avenue/Miller Road Drainage Improvements to Martin & Company Excavating in the amount of $150,468.74
Meeting :	Nov 19, 2018 - City Council Meeting at 6:30 pm
Type :	Action (Consent)
Recommended Action :	Approve Partial Pay Request #2 for the Second Avenue /Miller Road Drainage Improvements to Martin & Company Excavating in the amount of $150,468.74

File Attachments

PPR2-2nd & Miller.pdf (2,046 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.

6. Presentations and Awards

Subject :	A. Actuarial Report
Meeting :	Nov 19, 2018 - City Council Meeting at 6:30 pm
Type :	

Public Content

Lauterbach & Amen have completed the fire pension fund and police pension fund actuarial reports. Our funding ratios, while slightly improved, remain in critical territory. The fire pension funding ratio increased 1.3 points to 49.64% and the police pension funding ratio rose 1.03 points to 54.73%.

The report recommends a minimum contribution to the fire pension fund of $1,189,446 compared to $1,159,533 for the prior year, a $29,913 increase. This amount represents 101.9% of payroll up from 99.84% of payroll. In other words, the City is now paying more for firefighter pensions than for active firefighter payroll. No less, this is the third smallest fire pension increase since 2008-09. This reflects the fire pension funds improved investment performance this year and additional capital in the fund due to past increased contributions using the actuarys recommendations.

The actuary recommended a minimum contribution to the police pension fund of $1,180,013 this year versus $1,137,726 the prior year, a $42,287 or 3.7% increase. The new amount represents 73.21% of projected payroll, up from 70.95% last year.

Todd Schroeder and Kevin Cavanaugh from Lauterbach & Amen will be at the meeting to present the actuarial reports and answer any questions.

File Attachments

actuary report - fire.pdf (480 KB)
actuary report - police.pdf (481 KB)

8. Business Items

Subject :	A. Ordinance #2018-11-38 Authorizing Intergovernmental Agreement for the Purchase of Certain Distressed Property at 1110 Seventh Avenue for Blight Reduction by Demolition
Meeting :	Nov 19, 2018 - City Council Meeting at 6:30 pm
Type :	Action
Recommended Action :	Approval of Ordinance #2018-11-38 authorizing an intergovernmental agreement for the purchase of certain distressed property for blight reduction by demolition.

Public Content

The property at 1110 7th Avenue has been vacant with no utilities for well over 10 years. The home was boarded up and condemned as unfit for human habitation in 2013 after many complaints from neighbors about the condition of the property. The property has been on the city's demolition list for many years and is now easily obtained from Whiteside County as Trustee. Staff is currently working on another grant application for demolition and care of blighted properties.

File Attachments

2018-11-38 property transfer.pdf (84 KB)
2018-11-38 property transfer-exhibit a.pdf (60 KB)
1110 7th ave.jpg (141 KB)
1110 7th ave-2.jpg (146 KB)

8. Business Items

Subject :	B. Tax Levy Estimate
Meeting :	Nov 19, 2018 - City Council Meeting at 6: 30 pm
Type :	Action
Recommended Action :	Approve Tax Levy Estimate

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 4%. This will provide a 4% dollar increase for levies such as police protections and fire protection if the levy *rate* remains unchanged, which has been the past practice. In real dollars, most of these levies have been relatively steady due to a relatively flat EAV since the Great Recession.

Pension funds do not have levy rate caps under State Statutes in order to provide a guaranteed source of funding. The pension funds tax levies have grown far faster than inflation and EAV growth for many years. The actuary is recommending a minimum contribution to the fire pension fund of $1,189,446 compared to $1,159,533 for the prior year. This is a $29,913 increase over last year, or a 2.57% increase. This amount represents 101.9% of payroll up from 99.84% of payroll. In other words, the City is now paying more for firefighter pensions than for active firefighter payroll. No less, this is the third smallest fire pension increase since 2008-09. This reflects the fire pension funds improved investment performance this year and additional capital in the fund due to past increased contributions using the actuarys recommendations.

The actuary recommended a minimum contribution to the police pension fund of $1,180,013 this year versus $1,137,726 the prior year. This is a $42,287 or 3.7% increase over the prior year. The new amount represents 73.21% of projected payroll, up from 70.95% last year. This is the 3rd lowest increase since 2011-12. This reflects the police pension funds improved investment performance this year and additional capital in the fund due to past increased contributions using the actuarys recommendations.

There are a few factors to consider when setting next years levy, including: property tax rates to businesses and citizens, increasing funding ratios and statutory requirements. Annual discussions of a property tax freeze from the State still remains a big concern. Concern has also been expressed about attempting to level out the increases in the future.

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.

Staff is proposing a tax levy estimate of $4,908,573, an increase of $184,828 or 3.91%. Because the overall EAV increased 4% and the levy *amount* is proposed to increase 3.91%, the proposed property tax *rate* is actually slightly *lower.* This would be the second year in a row the levy rate posted a light decrease. If the median home value of an owner occupied home of $83,300 remained unchanged, the owner would see a decrease of $1.12 for the year in the City portion of the property taxes.

The tax levy estimate staff is proposing actually funds the pensions at higher levels than the minimum recommended contributions ($75,554 more for the fire pension and $49,987 more for the police pension) . There were three reasons the staff is recommending this: 1) Even with lower recommended contribution increases than in the past, the percentage of payroll continues to climb as were still trying to recover from a combination of Great Recession investment losses and a large number of personnel in police and fire choosing to retire and collect pensions in the years immediately following the Great Recession. This is evidenced by the City now needing to contribute more to the firefighters pension than what we anticipate spending on payroll for firefighters next year; 2) Our funding ratios, while very slightly improved, remain in critical territory. The fire pension funding ratio increased 1.3 points to 49.64% and the police pension funding ratio rose 1.03 points to 54.73%. The State average for downstate fire and police pension funds in 2016 was 57.1% and 57.9%. We need 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. Thats 22 years to make up 40 and 35 percentage points. 3) If were going to strive to level out levy increases as discussed in 2017, we have to put in more in the low 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.

Two alternative levy estimates have been prepared that funded the fire and police pension funds at the minimum level recommended by the Actuary and one that provided for maximizing pension contributions while staying just below the 5% triggers a Truth-in-Taxation Hearing. The minimum level request lowers the fire and police pension funding by a combined $125,541. This results in a 1.26% increase in the levy versus the recommended 3.91%. Assuming the median home value of an owner occupied home of $83,300 remained unchanged, the owner would see a decrease of $13.57 for the year in the City portion of property taxes versus the recommended decrease of $1.12. The 4.9% increase increases the fire and police pension funding by a combined $175,541 over the actuarys minimum or $50,000 over the staff recommendation. This results in a 4.97% increase in the levy versus the recommended 3.91%. Assuming the median home value of an owner occupied home of $83,300 remained unchanged, the owner would see an increase of $3.84 for the year in the City portion of property taxes versus the recommended decrease of $1.12.

Staff and representatives of the pension fund boards believe the $1 per month savings to the median household taxpayer under the minimum actuary recommendation level is not worth the added compounding costs to the same taxpayers for not more appropriately funding the pensions. Contributing the lesser amount just increases their future tax liability.

File Attachments

2018 Tax Levy-recommended.pdf (18 KB)
2018 Tax Levy-minimum.pdf (18 KB)
2018 Tax Levy 4.9.pdf (18 KB)