

CITY OF TUSCOLA
COUNTY OF DOUGLAS
STATE OF ILLINOIS
February 27, 2012
Tuscola City Hall

Mayor Kleiss called the regular meeting of the City Council to order at 7:30 P.M., with Cleland, Henderson, Maxey, Seip, Shoemaker, Slaughter, Truitt, and Mayor Kleiss present. Kleiss reported Alderman Hoey asked to be excused from the meeting. Mayor Kleiss led the Pledge of Allegiance.

Consent Agenda

Administrator Hoel went over the items on the consent agenda:

- Minutes of the February 13, 2012 meeting, with a correction to item 3 under Grants and Contracts. The minutes should state if the City goes over ½ million dollars (not \$2 million, as reported) in Federal dollars, a more stringent audit will be necessary.
- Financial report for January 2012
- Payment of bills totaling \$208,363.53.
- Two pay requests from Burdick Plumbing and Heating for work at the north sewer plant. Hoel added most of this work was completed some time ago. The pay requests are in the amounts of \$43,540.20 and \$23,247.80.
- Two pay requests from Meuser Construction and Excavating for demolition of the Dotson building in the amounts of \$43,029.90 and \$24,030.00

Seip moved to approve the items on the consent agenda, with the correction noted. Cleland seconded. VOTE YEA* Cleland, Henderson, Maxey, Seip, Shoemaker, Slaughter, Truitt. Shoemaker moved to approve the consent agenda for February 27, 2012. Henderson seconded. VOTE YEA* Cleland, Henderson, Maxey, Seip, Shoemaker, Slaughter, Truitt.

Mayor

Mayor Kleiss announced the TEDI staff and Administrator Hoel have had some very preliminary discussion with Dr. Foote and others about a dog park. TEDI Director Moody reported he and Carly met first with the 'Hands for Paws' group and later with a group of about 30 interested persons. Shoemaker asked if anyone had researched state regulations concerning dog parks. Moody stated he guessed Dr. Foote had. Mayor Kleiss reported the city received a note of thanks from Jeannine Garrett for extending the term of her TIF loan to the full 15 years. Kleiss thanked Alderman Henderson for filling in for him during his absences.

City Clerk - Nothing

City Treasurer

Treasurer Long reported PMG Tuscola LLC and Darrel and Susan Latch are delinquent on their TIF loans. Mayor Kleiss added there are ongoing discussions about the Latch property.

City Attorney - Nothing

City Administrator

Administrator Hoel asked council to begin thinking about their FY 13 budgets. Information will be coming out soon. Also, Hoel would like to begin advertising for summer pool employees, temporary seasonal help, and a permanent water/sewer employee. Mayor Kleiss stated he would like to begin working on the North Main street repairs this summer.

Contracts and Agreements

1. Mayor Kleiss asked for approval of the Clark Dietz professional services agreement that was tabled at the last meeting. Truitt moved to approve the agreement with Clark Dietz for engineering services on the Barker/Prairie TIF in the amount of \$62,100. Cleland seconded. VOTE YEA* Cleland, Henderson, Maxey, Seip, Shoemaker, Slaughter, Truitt.
2. Kleiss opened discussion on the intergovernmental agreement between the City and School District for a possible ordinance approving a ½ % increase in sales tax to provide additional revenue for the school district. Kleiss pointed out a small typo, which will be corrected. Also, Kleiss mentioned a big portion of this agreement is crafted after the state's agreement for sales tax for school districts. He is assuming the reason for the 20 year length is so districts can sell bonds. Attorney Bequette stated the length of the agreement does not have to be 20 years. Seip asked if the sales tax agreement with the school district should be revisited when TIF ends and the taxing bodies have a chance to re-look at the levies and see what will go back into their coffers. Hoel stated the taxing bodies will have a tremendous amount of new EAV for them to tax against and they may bump their levies to take advantage of this. Shoemaker asked if the 20 year agreement is based on the school district selling bonds; the longer the term, the more flexibility for them. He was told that is correct. Hoel pointed out when bonds are sold, revenue has to be pledged and bonds are priced and rated according to the sufficiency of that revenue. If the school district is going to pledge these revenues to secure the repayment of the bonds, how secure the revenues are is going to be extremely important to them. Hoel agreed with Attorney Bequette that the term can be whatever we choose. He does believe 10 years is the practical minimum. Shoemaker asked if we have to go 20 years, does the language we have in the agreement to rescind the ordinance make the bonds less attractive. Attorney Bequette stated there is a heck of an escape clause in the current agreement. He expects we will end up in negotiations with the school and considers the current agreement a first offer. Shoemaker asked for an explanation of 'durable equipment', which is in section 3. Bequette answered this language is taken from state statutes and we should probably define this a little better. Shoemaker stated one of the things the school needs help with is technology. Would that be covered under durable equipment? Bequette stated we should include technology in the agreement if that is one of the things we want to help with. Hoel reported technology is a point of discussion and this issue has been raised before. Technology was not put in this agreement, but it could be. Hoel stated he felt the intent was to allow for capital purposes. If council wants to include technology in the agreement, it can be included, along with a percentage or amount that should be spent on technology. Bequette thinks of durable equipment as things that become part of the building, once they are purchased, such as a furnace or air conditioning.

Truitt stated she does not want to deviate from the state statute too much. She would much rather take money from TIF for technology as we have done in the past. The sales tax increase should be more for operations and maintenance of buildings and facilities. Attorney Bequette replied this is based on state statutes in order to get a definition of the kinds of things we are choosing to pay for; it is not taken from a state statute that says if you are going to take sales tax revenue to give to schools, it must be done in a certain way. Bequette stated again it is up to council to decide what we want this to be. It is not written to help the school district retire current obligations, Bequette stated. Truitt then asked about the school district's budget. Do they plan to leave their budget line items as they are now or do they plan to take their budgeted money and use it elsewhere? Bequette stated it is his understanding they are limited in their ability to move from fund to fund; he is not sure they can move funds like that. He thinks the district will end up with more money in the fund for school grounds and buildings. Attorney Bequette pointed out this is a first draft agreement; basically a starting point. Administrator Hoel added the agreement calls for yearly capital plans, approved by the school district, projecting its planned use of the funds that it expects to receive each year. Mayor Kleiss added he has no desire to help the school figure this out, we need to have confidence they will do it appropriately. If not, then we go to the clauses in the agreement. Kleiss went on to say, Mr. Smith seems to know what needs to happen and is cautious with his dollars. Mayor Kleiss suggests clearing up the 'durable equipment' language and the term of the agreement. He is sure the school district will also have some suggested changes. Shoemaker stated again he would like technology included. Kleiss replied technology or computers could be added to the use of funds section. Treasurer Long pointed out what Mr. Voyles asked for when he spoke to council months ago was help with capital things - facilities - the district could not afford. Long does not think they even asked for technology or computers. Administrator Hoel pointed out they have asked for this, also. Mr. Smith has indicated technology infrastructure (wiring) is extremely important and quite costly. Seip would like to see what the school district comes back with. Seip is leaning towards a ten year agreement right now; we can have as many ten year terms as we want, but at least we will have an opportunity to review after ten years. Kleiss stated he does not think the ten years will help them sell the bonds.

3. Administrator Hoel discussed some change orders associated with the water line. Some service taps were relocated on South Washington, old mains were terminated, and hot taps and line stops into existing mains changed. The amount recommended for these changes is an additional \$18,325.53. The change order also allows for a three day extension to the contract for completion of these changes, making the revised date December 17, 2011, instead of December 14, 2011. Seip moved to approve the change order with Central Subsurface Draining and Contracting, Inc. in the amount of \$18,325.53, and the three day extension making the contract end date December 17, 2011. Cleland seconded. VOTE YEA* Cleland, Henderson, Maxey, Seip, Shoemaker, Slaughter, Truitt.
4. Administrator Hoel next discussed a pay request from Central Subsurface Contracting, Inc. in the amount of \$81,343.28. This request includes the change order of \$18,325.53, just approved by council, as well as the work at the defective bore under Washington Street and the alternate solution accepted by council. Hoel stated the engineer recommends withholding the amount of liquidated damages (62 days past completion date) in the amount of \$31,000. Attorney Bequette pointed out this

includes the contractor's work on the defective work. The agreement we made with them was they should do their work around, but we are not paying any extra for it. We are not paying them extra, Bequette stated, we are keeping on track with the original agreement we had. Hoel pointed out we are entitled under the contract to the diminished value of the defective work. Since we decided to live with the defective work, we will claim the diminished value. In order to do this, we are working with an engineer to come to a dollar value of what we got vs. what we hoped for. Once that is determined, we will continue the process of the diminished value claim. Cleland moved to approve a pay request to Central Subsurface Contracting, Inc. in the amount of \$50,343.28. Slaughter seconded. VOTE YEA* Cleland, Henderson, Maxey, Seip, Shoemaker, Slaughter, Truitt. Attorney Bequette announced he, Administrator Hoel, and a representative from Clark Dietz will go to Springfield on March 13 for mediation with Central Subsurface Contracting, Inc. The purpose is to try and come to some arrangement with CSCI where we will not have the imminent litigation Bequette is predicting. It may be necessary for an executive session next meeting in order for Bequette and Hoel to discuss negotiating parameters.

Other

Henderson moved the City contribute ½ the cost of the new digital sign planned for the schools, not to exceed \$17,500. Shoemaker seconded. VOTE YEA* Cleland, Henderson, Maxey, Seip, Shoemaker, Slaughter, Truitt

The motion to adjourn was made by Henderson and seconded by Seip. VOTE YEA* Cleland, Henderson, Maxey, Seip, Shoemaker, Slaughter, Truitt.

Samuel J. Davis 3/12/2012 Mayor Mary A. Fisher City Clerk