

**AGENDA
CITY OF SALEM
REGULAR CITY COUNCIL MEETING
November 5, 2018
6:00 PM**

- I. Call to Order**
- II. Prayer and Pledge of Allegiance**
- III. Presentation of Petitions/Public Comments**
- IV. Mayor’s Report and Presentations**

- V. City Council Action**
 - 1. Consent Agenda
 - a. City Council Minutes – 10/15/18
 - 2. Presentation by Bob Jamison about Avenue of Flags
 - 3. Approval of Participation In Natural Gas Discount Program
 - 4. Approval of Property Tax Levy Ordinance for 2019 Collection
 - 5. Approval of Resolutions Abating Property Taxes – 2018-08 and 2018-09
 - 6. Approval of City Hall Façade Color

- VI. City Manager Report**
- VII. City Attorney Report**
- VIII. Finance Director Report**
- IX. Executive Session**
 - 1. 5 ILCS 120/1(c)(6) – Setting Price for Real Estate
 - 2. 5 ILCS 120/2(c)(1) and (14) – Employee Appointment, Criminal Investigations
 - 3. 5 ILCS 120/2(c)(21) – Executive Session Minutes

- X. Adjournment**

Bill Gruen
City Manager

**MINUTES
CITY OF SALEM
CITY COUNCIL MEETING
NOVEMBER 5, 2018**

I. CALL TO ORDER

The regular November 5, 2018 meeting of the City Council was convened at 6:00 p.m. and called to order by Mayor Rex Barbee.

Council members present:

Councilman Jim Koehler
Councilman Nicolas Farley
Councilman Craig Morton *(Arrived shortly after roll call.)*
Mayor Rex Barbee

Council member absent: Councilwoman Sue Morgan

Others present:

City Attorney Mike Jones	City Clerk Bev Quinn
City Manager Bill Gruen	Finance Director Keli Barrow
Chief of Police Sean Reynolds	Public Works Director John Pruden
Deputy Chief Susan Miller	Economic Dev. Dir. Jeanne Gustafson
Asst. Public Works Dir. Annette Brushwitz	Members of the Media and Public

II. PRAYER AND PLEDGE OF ALLEGIANCE

Opening prayer was offered by Mayor Barbee, followed by the Pledge of Allegiance to the Flag.

III. PRESENTATION OF PETITIONS/PUBLIC COMMENTS

(Clerk’s Note: Rev. Paul Albert did not speak up at this time, but asked to address Council prior to the Executive Session. Notes regarding his input follow.)

Rev. Paul Albert indicated he first approached City Council on August 20th regarding a number of sidewalks needing repair in the community, and noted that only one pot-hole has been filled. City Manager Gruen indicated Public Works Director John Pruden had submitted a report indicating some repairs that can be made by Public Works employees and others that will require contractors to repair. Rev. Albert asked when he can expect the repairs to be done. City Manager Gruen indicated that the repairs that will require contractors will be several months out, as funds allow. The work to

be done by Public Works employees will be worked in as their schedules allow. Rev. Albert added that the “walk” signals at Main and Broadway are not working. Dir. Pruden indicated he would get them fixed. Rev. Albert indicated the City did a great job on repaving and replacing the sidewalks on Indiana St., and there is an 8 ft. ramp that stands out above all of the others, and it leads to nothing. Mayor Barbee responded that the ramp is an IDOT requirement. Rev. Albert asked if all of the sidewalks are going to be repaired in the near future. Mayor Barbee responded that the sidewalks will be repaired as time and funds allow.

IV. MAYOR’S REPORT AND PRESENTATIONS

Mayor Barbee offered a “shout out” to the Community Garden club for their pumpkin collection. Mayor Barbee also urged all citizens to get out and vote at the November 6th election.

V. CITY COUNCIL ACTION

1. Consent Agenda

a. Approval of Minutes – October 15, 2018

Motion was made by Councilman Koehler and seconded by Councilman Farley to approve the minutes of October 15, 2018 as presented. Roll call vote: AYES: Councilman Farley, Councilman Koehler, Mayor Barbee. NAYS: None. Motion carried.

(Councilman Morton arrived at 6:02 pm.)

2. Presentation by Bob Jamison about the Avenue of Flags

Mr. Bob Jamison addressed Council, and indicated that donations were received in excess of \$11,000.00 for the purchase of the Flags and hardware for the “Avenue of Flags” project. Jamison added that donations were received in amounts ranging from \$40 to \$1,500, with \$2,000 being donated by the Tourism Board. Mr. Jamison thanked John Pruden and the Public Works employees for installing the brackets and hanging he flags prior to Veteran’s Day. Jamison added that this project is a dream come true for him, and commended John Raymer for doing much of the work.

Mayor Barbee thanked John Pruden and the Public Works Department for putting up the brackets and flags, and for dealing with the issues caused by wind and rain. Barbee also thanked the veterans, Mr. Jamison and Mr. Raymer for their work on this project up to this point and in the future.

3. Approval of Participation in Natural Gas Discount Program

City Manager Gruen indicated he, Mayor Barbee and Councilman Koehler had attended a meeting in Effingham held by Ron Ragan of Utility Gas Management (*UGM*) regarding an opportunity to participate in a gas savings program. Mr. Gruen provided the following information:

1. I’ve been able to clarify that fees charged for the gas discount program are in addition to the fee we pay for natural gas services to UGM normally. What I mean is:

per/dekatherm	UGM	PEFA	TOTAL
Non-discount volume	\$0.06	NA	\$0.06
Discount volume	\$0.11	\$0.05	\$0.16

2. To put all of this into some greater context, UGM charges their current \$0.06 cent fee **only** on NGPL volume gas, **not on Citation gas**. The average dekatherms of NGPL gas 2013-17 (noted on your packet memo) is 383,942 dekatherms. The fee on that 383,942 dekatherms at \$0.06 per is \$23,037 that would be paid annually for UGM’s services.

(see next page)

		UGM Rate	Total Fee
Non-discount volume	99,692	\$0.06	\$5,982
Discount volume	284,250	\$0.11	\$31,268
TOTAL	383,942		\$37,250
	ADDITIONAL FEE TO UGM		\$14,213
		PEFA Rate	
Discount volume	284,250	\$0.05	\$14,213
	TOTAL ALL FEES		\$51,463
			↓
<u>NGPL gas only</u>			
Cost of gas @ \$3.75/dth		\$1,439,783	3.57%
Cost of gas @ \$3.25/dth		\$1,247,812	4.12%
**all PEFA & UGM fees factored into cost above			↓
<u>NGPL & Citation gas supply costs</u>			↓
\$3.75 & \$2.394/dth		\$1,754,575	2.93%
\$3.25 & \$2.394/dth		\$1,562,604	3.29%
** where June-Oct 18 avg Citation cost/dth avg is \$2.394			

City Manager Gruen indicated we would be looking at a \$.30/dth discount, or the program would not launch. Subsequent discounts would have to be \$.24/dth to launch. Bonds would be sold on behalf of PEFA by Goldman Sachs. Gruen added that this would be on the 284,280 dths (*or 74% of our total volume*) purchased from NGPL. The volume purchased from Citation Oil would not qualify. Mr. Gruen added that this is a 30-year program, which would also involve an extension of the contract we are currently in with UGM which expires in 2020.

Mayor Barbee added that if the City had a large user that closed, and we could prove this user would not be reopening, we would have an opportunity to go back in and negotiate the number of dekatherms we would be required to purchase. Councilman Farley expressed concern about entering into a 30-year agreement. Councilman Morton asked how this could hurt the City. City Manager Gruen indicated that the City would be tied to working with UGM for the duration of the 30-year contract. Additionally, if we saw that we needed our volume to be decreased, and they chose not to renegotiate with us, it could be a problem. Gruen added that the gas would *always* be cheaper on this program. Councilman Morton responded that he does not see how the City could lose.

City Manager Gruen indicated the agreement is a highly technical document, and UGM is looking into having an attorney review it on behalf of its clients. Gruen added that if City Council chooses to approve entering into this agreement, he recommends it be contingent upon receiving a successful attorney review.

Councilman Farley indicated it appears there would be a \$60,000 - \$85,000 savings per year. Mr. Gruen responded that the savings would be at least \$85,000 the first year, then the savings would be lower in subsequent years.

Councilman Farley asked Director Pruden what concerns he has regarding this program. Director Pruden indicated the City has never entered into a 30-year agreement, which initially raised his skepticism, but he has learned to trust Ron Ragan of UGM. Pruden added that unless legal counsel finds this program too good to be true, he supports it, based on the City Manager having done his due diligence and Mr. Ragan's recommendation. Councilman Koehler concurred, and added that the only drawback is the 30-year term. Mayor Barbee responded that the 30-year

term is based on the 30-year bond issue. Councilman Farley questioned if the City will even be using gas in 30 years.

City Manager Gruen indicated he spoke with the City's auditor, Sean Williamson, regarding this and asked if the contract would count as a "debt" of the City. Mr. Williamson indicated it would be a debt of PEFA, not the City. Gruen added that the \$.06/dth currently paid to UGM would become \$.11/dth paid to UGM and \$.05/dth paid to PEFA. We would be paying a fee to receive the savings. Councilman Farley noted that the projected savings will be considerably less after the increase in fees. Farley asked what will happen if the City needs an increase in volume. Mayor Barbee responded that we could still purchase the additional amount, but we would not receive the discount on it and would only be paying UGM \$.06/dth.

Councilman Farley asked if anyone has approached the industries in Salem regarding this program. Councilman Morton asked why the City would need to discuss this with industries. Councilman Farley responded that they will be paying the fees. Mayor Barbee and City Manager Gruen both responded that the gas rates charged to the businesses and industries will be lower than the rates they would pay if we don't enter into the agreement.

City Manager Gruen indicated UGM would like a response by November 19th. Mayor Barbee indicated he would not be opposed to having a special meeting to take action on this item, if Council is not comfortable taking action tonight. Councilman Farley responded that his only concern is the 30-year term, as a lot of technology can occur in 30 years. City Manager Gruen indicated he would approach Mr. Ragan and see if action taken on November 19th would meet their deadline, or if we will need to have a special meeting. Consensus of the Council was to table action on this item until the next meeting.

4. Approval of Property Tax Levy Ordinance for 2019 Collections

City Manager Gruen indicated the Levy Ordinance, after abatements, totals the same amount reviewed at the past two Council meetings. Some dollars have been moved from Garbage, IMRF and Audit levies to Liability Insurance, to ensure that we don't have a property tax levy which exceeds what we anticipate expenses to be. ***Motion was made by Councilman Koehler and seconded by Councilman Morton to approve Ordinance No. 2018-15 levying taxes for the corporate purposes for the current fiscal year commencing on the 1st Day of May, 2018 and ending on the 30th day of April, 2019, in the amount of \$1,851,047. Roll call vote: AYES: Councilman Morton, Councilman Koehler, Mayor Barbee. NAYS: Councilman Farley. Motion carried.***

5. Approval of Resolutions Abating Property Taxes – 2018-08 and 2018-09

Motion was made by Councilman Morton and seconded by Councilman Koehler to approve Resolution 2018-08 abating \$199,493, including principal and interest, on the General Obligation Refunding Bonds, Series 2017, the total amount of which is \$2,465,000. Roll call vote: AYES: Councilman Koehler, Councilman Farley, Councilman Morton, Mayor Barbee. NAYS: None. Motion carried.

Motion was made by Councilman Farley and seconded by Councilman Farley to approve Resolution 2018-09 abating \$396,210, including principal and interest, on the General Obligation Refunding Bonds for Wastewater Treatment Improvements, the total amount of which is \$3,710,000. Roll call vote: AYES: Councilman Farley, Councilman Morton, Councilman Koehler, Mayor Barbee. NAYS: None. Motion carried.

6. Approval of City Hall Façade Color

City Manager Gruen indicated he had done a survey of employees and elected officials, and the highest vote came in for Slate Gray, with Dove Gray coming in second. The trim will be black. ***Motion was made by Councilman Farley and seconded by Councilman Koehler to approve the use of Dove Gray as the façade color on City Hall. Roll call vote: AYES: Councilman Koehler, Councilman Farley, Mayor Barbee. NAYS: None. Councilman Morton abstained. Motion carried.***

VI. CITY MANAGER'S REPORT

City Manager Gruen indicated he has been working with Kane Insurance on gathering materials for renewal of our risk management policies. This is going well.

VII. CITY ATTORNEY REPORT – None.

VIII. FINANCE DIRECTOR'S REPORT - None.

IX. CITY COUNCIL REPORT

Councilman Koehler reported that the SCHS football team made the finals, and that work on the former Selmaville School building is going gangbusters.

Councilman Farley reported that it is nice to see the walls going up on the Theatre addition.

X. EXECUTIVE SESSION

1. 5 ILCS 120/2(c)(5) – Setting Price for Real Estate
2. 5 ILCS 120/2(c)(1) and (14) – Employee Appointments; Criminal Investigations
3. 5 ILCS 120/2(c)(21) – Executive Session Minutes

Motion was made by Councilman Farley and seconded by Councilman Koehler at 8:00 pm to enter into executive session for the purpose of discussing setting prices for Real Estate, Employee Appointments and Criminal Investigations and Executive Session Minutes, after a 10 minute break. Roll call vote: AYES: Councilman Koehler, Councilman Farley, Councilman Morton, Mayor Barbee. NAYS: None. Motion carried.

Returned to open session at 8:30 pm.

XI. ADJOURNMENT

As there was no further business to discuss, motion was made by Councilman Morton and seconded by Councilman Koehler to adjourn the meeting at 8:30 pm. Roll call vote: AYES: Councilman Morton, Councilman Koehler, Councilman Farley, Mayor Barbee. NAYS: None. Motion carried.

Bev Quinn, CMC
City Clerk

Minutes approved: _____