

**AGENDA
CITY OF SALEM
6:00 PM REGULAR CITY COUNCIL MEETING
SEPTEMBER 3, 2019**

- 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 - 08/19/19
 - 2. Swearing-in Salem Officers King and Potter
 - 3. Approval of Sale of Real Estate at Armory (Possibly Delayed until after Executive Session)
 - 4. Approval of TIF Development Agreement and Sales Agreement with Agracel for Redevelopment of Former Yellow Freight Property
 - 5. Approval of Purchase of Real Estate (Possibly Delayed until after Executive Session)

- VI. City Manager Report**
- VII. City Attorney Report**
- VIII. Finance Director Report**
- IX. City Council Report**
- X. Executive Session**
 - 1. 5 ILCS 120/2 (c)(1) – Personnel
 - 2. 5 ILCS 120/2 (c)(5) – Purchase of Real Estate
 - 3. 5 ILCS 120/2 (c)(6) – Setting Price for Armory Real Estate

- XI. Personnel**
 - 1. Resignation of Bill Gruen, City Manager
 - 2. Appointment of Rex Barbee, City Manager

- XII. Adjournment**

Bill Gruen, City Manager

**MINUTES
CITY OF SALEM
SEPTEMBER 3, 2019**

I. CALL TO ORDER

The regular September 3, 2019 meeting of the City Council was convened at 6:00 pm, and called to order by Mayor Rex Barbee.

Council members present:

Councilman Jim Koehler
Councilman Nic Farley
Councilman Craig Morton
Councilwoman Sue Morgan
Mayor Rex Barbee

Council members absent:

None.

Others present:

City Manager Bill Gruen
City Attorney Mike Jones
Public Works Director John Pruden
Asst. Public Works Director Annette Brushwitz
Deputy Chief of Police Susan Miller
Members of the Media and Public

City Clerk Bev Quinn
Chief of Police Sean Reynolds
Economic Development Dir. Jeanne Gustafson
Finance Director Keli Barrow
Marvin Owens, DOEM

II. PRAYER AND PLEDGE OF ALLEGIANCE

Opening prayer was offered by Councilman Koehler, followed by the Pledge of Allegiance.

III. PRESENTATION OF PETITIONS/PUBLIC COMMENTS

Reverend Paul Albert addressed City Council about the need for sidewalk improvements, and the lack of repairs taken since his last appearance at a City Council meeting. City Manager Gruen responded that when Rev. Albert brought the condition of certain sidewalks to City Council's attention, \$200,000 was budgeted to make repairs. These repairs may be made yet this fiscal year, but if not, that amount will be scheduled for the next fiscal year. Mayor Barbee added that improvements are going to be done; they just aren't being done as quickly as Rev. Albert would like. Rev. Albert indicated he will be filing a complaint against the City for discrimination against the disabled.

Clayton Simmons, Russ Henderson and Justin Matthews of Alpha & Omega Construction addressed Council regarding roofing requirements, and asked if the 2006 IBC code is still in effect, as indicated in a letter to them from City Clerk Bev Quinn. City Manager Gruen indicated it is. Mr. Simmons said he feels the answers given to them and insurance adjustors by City Hall staff are not consistent. Mr. Simmons indicated the adjustors are told the city doesn't enforce the code, the insurance companies don't cover the full repair, and the cost is passed on to the customer. Mr. Henderson added that everyone who is contacted at City Hall needs to reference the 2006 IBC code when asked. Mayor Barbee indicated he would make sure that is the answer given. City Manager Gruen added that the City has never employed an inspector to do inspections on building repairs, and it is true that we will not be sending an inspector out to make sure the code is followed.

IV. MAYOR'S REPORT AND PRESENTATIONS – None.

VI. CITY COUNCIL ACTION

1. Consent Agenda

a. City Council Minutes – 08/19/2019

Motion was made by Councilman Farley and seconded by Councilwoman Morgan to approve the minutes as written. Roll call vote: AYES: Councilman Farley, Councilman Morton, Councilwoman Morgan, Councilman Koehler, Mayor Barbee. NAYS: None. Motion carried.

2. Swearing-In of Salem Officers King and Potter

Mayor Barbee presented the Oath of Office to new Police Patrolmen Matthew Potter and Ian King, and congratulated them on their appointments.

3. Approval of Sale of Real Estate at Armory (Possibly delayed until after Executive Session)

City Manager Gruen indicated State Statute requires that purchase offers on City-owned property be opened at a City Council meeting. Therefore, there are three offers presented tonight.

- 1) Offer is for Lot 1 of the Armory Subdivision made by James Hoffman in the amount of \$2,500. This lot faces Warmouth and College.
- 2) Offer for lot on Industrial Drive for \$33,001 made by Newt Investments.
- 3) Offer for lot on Kinney Blvd. in the amount of \$40,000 made by Newt Investments.

Motion was made by Councilman Farley and seconded by Councilwoman Morgan to accept the offer of \$2,500 on Lot 1 of the Armory Subdivision from James Hoffman, contingent upon his plans meeting the City's zoning requirements. Roll call vote: AYES: Councilman Morton, Councilwoman Morgan, Councilman Koehler, Councilman Farley, Mayor Barbee. NAYS: None. Motion carried.

Mayor Barbee indicated the two offers from Newt Industries will be discussed during executive session.

4. Approval of TIF Development Agreement and Sales Agreement with Agracel for Redevelopment of Former Yellow Freight Property

City Manager Gruen indicated Council has before it two documents; a TIF agreement prepared by PGAV and a Purchase Agreement based on similar agreements Mike Jones has prepared. Mr. Gruen pointed out the following:

- Section 3.3 provides that the work will be completed within 12 months.
- Section 4 provides that the City will reinvest the purchase funds of \$175,000 back into the parking lot. In addition to this, the lot will need to have a large culvert installed, which is estimated to cost approximately \$60,000. The City is prepared to commit \$20,000 each year for the next two years (*total of \$40,000*) to assist with the cost of the culvert. Gruen confirmed that this is in addition to the \$175,000 purchase price.
- 80% of the tax increment received will go back to the customer.
- Section 5 provides for a limited obligation – if Agracel assigns the property to NAL, it will not require further action from the City. If they choose to assign this property to anyone else, it will need to come before the City Council.
- Regarding the purchase agreement, the property is being sold "as is" and Mr. Gruen has started the title work.

City Manager Gruen indicated that a few years ago, NAL was at 700-750 employees, and needed to get up to 1,000. Additionally, their shifts overlap, which causes them to need much more parking. The City stepped forward to help them with additional parking at that time. NAL needs to increase parking once again, and intends to increase employment by approximately 45 employees.

Councilman Morton asked if this will render the TIF accounts empty. Mr. Gruen responded that it will not. Mr. Gruen summarized the proposed project as the City rebating the \$175,000 purchase price and committing \$40,000 for the culvert on a \$1.5 million project. **Motion was made by Councilwoman Morgan and seconded by Councilman Koehler to approve the TIF Development Agreement and Purchase Agreement with Agracel, as presented. Roll call vote: AYES: Councilwoman Morgan, Councilman Koehler, Councilman Farley, Councilman Morton, Mayor Barbee. NAYS: None. Motion carried.**

5. Approval of Purchase of Real Estate (possibly delayed until after Executive Session)
Postponed until after executive session.

VI. CITY MANAGER REPORT

City Manager Gruen indicated the parking lots behind the theatre are largely done. Brent Taylor of Rhutasel and Associates identified a section where water was standing. The contractor repaired and replaced the section no questions asked. Gruen recommended that KRB be considered on future projects.

City Manager Gruen indicated one of the items he had hoped to bring before Council before leaving was a water and sewer rate increase. Gruen added that the water and sewer fund will get down to a 48% reserve shortly, and municipalities should always have 33% on hand. Gruen added that the City has been aggressive on improving infrastructure and purchasing equipment. Mr. Gruen proposed a rate increase generating an additional \$400,000 over two steps, with a \$4.63/month increase in step 1 and \$9.26/month by step 2. Mr. Gruen’s handout regarding his proposal is shown below:

Water Rate / Fees for Utility Billing

- We project the Water/Sewer Fund will dip down to \$1.458 million by April 2020 if the FY20 budget goes to plan. This would represent a 48.41% reserve ratio against the FY20 budget total.
- The City has been aggressive in using reserves to fund improvements to the Water and Sewer systems and plants. The Fund balance has dropped accordingly since FY15.

		Fund Balance Change
FY15	\$	(70,992)
FY16	\$	(94,917)
FY17	\$	84,901
FY18	\$	(227,644)
FY19	\$	(363,810)
AVG	\$	(134,492)
TOTAL	\$	(672,462)

Water Rate / Fees for Utility Billing

- The following would be a sample rate increase generating an additional \$400,000 over two steps:

		Water		Sewer		TOTAL
\$200,000 after Step 1		\$2.31 / month		\$2.31 / month		\$4.63 / month
\$400,000 after Step 2		\$4.63 / month		\$4.63 / month		\$9.26 / month

	New Rev	Current Rev	Expense	\$ Diff	Fund Balance
FY17		\$ 2,592,919	\$ 2,502,441		
FY18		\$ 2,598,796	\$ 2,949,632		
FY19		\$ 2,572,020	\$ 2,989,097		
FY20	\$ 100,000	\$ 2,687,912	\$ 3,011,618	\$ (323,706)	\$ 1,458,000
FY21	\$ 100,000	\$ 2,687,912	\$ 2,900,000	\$ (212,088)	\$ 1,245,912
FY22	\$ 200,000	\$ 2,887,912	\$ 2,900,000	\$ (12,088)	\$ 1,233,823
FY23	\$ -	\$ 2,887,912	\$ 2,900,000	\$ (12,088)	\$ 1,221,735
FY24	\$ 43,130	\$ 2,931,042	\$ 2,900,000	\$ 31,042	\$ 1,252,776
FY25	\$ 42,050	\$ 2,973,092	\$ 2,900,000	\$ 73,092	\$ 1,325,868

City Manager Gruen indicated there are additional renovations needed at City Hall.

City Hall is heated by a boiler system, and Kevin Cantrell of Goff Plumbing has recommended that, due to its age and the water line break we experienced last year, this be replaced. There is no way to predict when it will go out, and if the City waits until it goes out, we will have real problems.

Gruen indicated the building needs to be cleaned and tuck pointed, as there is some water coming in on the upper floors. This was inspected by Bill Leuking of Rhutasel, prior to his retirement.

Due to leaks that have happened on the flat roof over City Hall’s break room, the ceiling needs to be replaced. Unfortunately, the roof has a very large air conditioning unit on it that had to be placed there with a crane. It will need to be moved with a crane.

City Manager Gruen’s handout regarding these items is shown below:

City Hall Renovations	
Priority 1 – Façade clean & tuck point	\$50,000
Priority 2 – Kitchen ceiling replace	\$10,000
Priority 3 – HVAC replacement	\$75,000
TOTAL	\$135,000

Loan Amortization Schedule

Enter values		Loan summary	
Loan amount	\$ 135,000.00	Scheduled payment	\$ 11,151.27
Annual interest rate	4.00 %	Scheduled number of payments	14
Loan period in years	7	Actual number of payments	14
Number of payments per year	2	Total early payments	\$ -
Start date of loan	1/1/2020	Total interest	\$ 21,117.72
Optional extra payments	\$ -		
Lender name:			

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
1	7/1/2020	\$ 135,000.00	\$ 11,151.27	\$ -	\$ 11,151.27	\$ 8,451.27	\$ 2,700.00	\$ 126,548.73	\$ 2,700.00
2	1/1/2021	126,548.73	11,151.27	-	11,151.27	8,620.29	2,530.97	117,928.44	5,230.97
3	7/1/2021	117,928.44	11,151.27	-	11,151.27	8,792.70	2,358.57	109,135.75	7,589.54
4	1/1/2022	109,135.75	11,151.27	-	11,151.27	8,968.55	2,182.71	100,167.19	9,772.25
5	7/1/2022	100,167.19	11,151.27	-	11,151.27	9,147.92	2,003.34	91,019.27	11,775.60
6	1/1/2023	91,019.27	11,151.27	-	11,151.27	9,330.88	1,820.39	81,688.39	13,595.99
7	7/1/2023	81,688.39	11,151.27	-	11,151.27	9,517.50	1,633.77	72,170.89	15,229.76
8	1/1/2024	72,170.89	11,151.27	-	11,151.27	9,707.85	1,443.42	62,463.05	16,673.17
9	7/1/2024	62,463.05	11,151.27	-	11,151.27	9,902.01	1,249.26	52,561.04	17,922.43
10	1/1/2025	52,561.04	11,151.27	-	11,151.27	10,100.05	1,051.22	42,461.00	18,973.66
11	7/1/2025	42,461.00	11,151.27	-	11,151.27	10,302.05	849.22	32,158.95	19,822.88
12	1/1/2026	32,158.95	11,151.27	-	11,151.27	10,508.09	643.18	21,650.86	20,466.05
13	7/1/2026	21,650.86	11,151.27	-	11,151.27	10,718.25	433.02	10,932.61	20,899.07
14	1/1/2027	10,932.61	11,151.27	-	10,932.61	10,713.96	218.65	0.00	21,117.72

~ \$22,000 annual loan payment

- 7 years
- If 4.0%

City Manager Gruen closed by saying that when he was hired by the City of Salem, he was 35 years old and still growing as a City Manager. The City Councils and Department Heads he has worked with have helped with that, and he appreciates how they all worked well together.

- VII. CITY ATTORNEY REPORT- No report.
- VIII. FINANCE DIRECTOR REPORT – No report.
- IX. CITY COUNCIL REPORT

Councilman Koehler indicated he has spoken with SRO Craig Vieira, and things are going very well with his position at the high school and it will continue to be a very effective plan.

Councilwoman Morgan thanked IDOT for mowing the entrances to Salem from I-57, and added that it looks phenomenal.

- X. EXECUTIVE SESSION
 1. 5 ILCS 120/2 (c)(1) – Personnel
 2. 5 ILCS 120/2 (c)(5) – Purchase of Real Estate
 3. 5 ILCS 120/2 (c)(6) – Setting Price for Armory Real Estate

Motion was made at 6:52 pm by Councilman Farley and seconded by Councilman Koehler to enter into executive session for the purpose of discussing Personnel, Purchase of Real Estate and Setting Price for Real Estate, after a 5-minute break. Roll call vote: AYES: Councilman Koehler, Councilman Farley, Councilman Morton, Councilwoman Morgan, Mayor Barbee. NAYS: None. Motion carried.

Returned to open session at 7:50 pm.

- XI. CITY COUNCIL ACTION

Mayor Barbee indicated there will be no action on real estate at this time.

1. **Resignation of Bill Gruen, City Manager**

City Manager Gruen submitted his resignation as City Manager, effective the end of the meeting. Mayor Barbee presented Mr. Gruen with a plaque of appreciation, and thanked him for his service.
2. **Appointment of Rex Barbee as City Manager**

Mayor Pro-Tem Sue Morgan conducted the swearing-in of Rex Barbee as City Manager, and presented him with a plaque of appreciation for his time served as Mayor.

XII. ADJOURNMENT

As there was no further business to discuss, ***motion was made by Councilman Farley and seconded by Councilman Koehler to adjourn the meeting at 7:54 pm. Roll call vote: AYES: Councilman Morton, Councilwoman Morgan, Councilman Farley, Councilman Koehler. NAYS: None. Motion carried.***

*Bev Quinn, CMC
City Clerk*

Approved: 9/16/2019