

MINUTES OF THE FINANCE COMMITTEE
MEETING OF THE CITY OF HERRIN
ILLINOIS HELD IN THE COUNCIL
CHAMBERS AT CITY HALL ON MONDAY,
NOVEMBER 16, 2017 AT 10:00 A.M.

Alderman York called the meeting to order. Those in attendance on behalf of the City were Mayor Steve Frattini, Alderman Paul York, Alderman David Shoemake, Alderman Marilyn Ruppel, Alderman Scott Kinley, Alderman Bill Sizemore, Alderman Steve Miller, Treasurer Carl Goodwin, Budget Director Carrie Cravens, Deputy Police Chief Jimmie Loyd and City Clerk Shelly Huggins.

Johnson Controls - Johnson Controls has presented us with 4 options for the new meter system. Option 1 sounds like the most economical and feasible at the time. It would make all meters drive by, about 2200 already are. There would be some cash out of approximately \$54,000. These monies would come from water fund which mayor thinks we could do safely. We will still have a \$250,000 obligation for their preliminary reports if we do not enter into a contract with them. This amount would be built in agreement payments if we enter into agreement. This is a 15 year project agreement. Alderman Miller asked if we approved for this spending so far. Alderman Shoemake thought we agreed to test a few meters. We did, however, we then entered into an engagement agreement. We have a written agreement/document. Tom believes this is a good project. Sometimes you have to spend some to make more. They are guaranteeing the revenue. Expenses they are not. There is concern with our cash flow now and where we are financially to enter into a 15 year agreement. First payment wouldn't be due until March of 19. Option 1 is not the type of system we were originally pitched. This one doesn't have all options and available bells and whistles that we were looking at. Alderman Miller would like to see the engagement agreement. It was asked if Attorney Brewster has checked the agreement. At this point he has not seen the new proposed agreement. It will be sent to him for review before any action is taken. Mayor would like to let Johnson Controls know if we plan to proceed with option 1. We will ask them to provide us with the option 1 proposal and go from there.

Clerical Contract - Will be discussed next meeting, Monday, November 20.

Tax Levy - Mayor handed out a document that will have some of the numbers that will be included in the power point for the levy hearing. Alderman Sizemore has presented an idea of a surcharge on the water bill that would go to general fund that could be used for pension fund issues. Possibly an amount of \$6 or \$7. This would be for active accounts. This would be about 5,200 meters. This could generate approximately \$436,000 for the year. We have some charting that shows what levels the pension needs to be funded at through 2040. Even after 5 years of this fee, we still would need to increase the levy from time to time. The police pension should be improving as there are two officers gone and Mr. Jarvis has made an offer to leave which would help by \$50,000 per year. Carrie stated to keep in mind that water rates will be going up in 2020 once we look at Rend Lake's rates. Even if we charge this monthly fee, taxes still may go up. Each year we have 9% for the police and fire pensions to raise. The state is also withholding 10% of our tax monies due us and a 2% administrative fee. Some people would be paying more to pay the fee than to pay a property tax increase. There could be an income waiver with proof of income. This would decrease the revenue down to \$350,000. We haven't been levying enough for the pensions and still paying them what we should but using general fund to supplement. Keep in mind the 15% increase is only on the Herrin portion not the whole tax bill. Alderman York asked everyone how they feel about the water bill surcharge. Due to presumed water rate increases in the future it may take both. There could be a major infrastructure catastrophe that could make us raise water and sewer rates as well. Even if we do the water surcharge it doesn't help with cash flow now for pensions.

Next meeting will be Monday, November 20 at 5:00 p.m.

Meeting adjourned at 11:00 a.m.