

PUBLIC WORKS COMMITTEE
MINUTES OF OCTOBER 11, 2016

#1 CALL TO ORDER

Chairman Mike Puhr called the meeting of the Public Works Committee to order at 6:01 p.m. at the Robert E. Jones Municipal Building, 17 W. Main St., Danville, Illinois.

Roll Call was answered by Chairman Mike Puhr, Aldermen Lloyd Randle, Rick Strebing, and Rickey Williams, Jr. Absent were Vice Chairman Jon Cooper, Aldermen Mike O'Kane, and Sherry Pickering. A quorum was present. Chairman Puhr announced Alderman O'Kane was excused due to a death in his family, Alderman Cooper was excused for attending a business meeting, and Alderman Pickering was excused for being on vacation.

Others in attendance included Mayor Scott Eisenhauer, Aldermen Brenda Brown, Dan Duncheon, and Tom Stone, City Comptroller Gayle Lewis, Corporation Counsel David Wesner, Deputy City Clerk Megan Mudd, Engineering & Urban Services Director David Schnelle, Public Transportation Director Lisa Beith, Public Works Director Doug Ahrens, Risk Manager Kathy Courson, 6 audience members, and 4 news media.

#2 APPROVAL OF MINUTES

Chairman Puhr presented Minutes of the regular meeting of September 13, 2016 and Minutes of the special meeting of September 20, 2016. Alderman Randle moved for approval as presented, seconded by Alderman Williams. On the voice vote, all ayes, no nays; the motion so ordered.

#3 APPROVAL OF AGENDA

Chairman Puhr presented the agenda. There being no changes, Alderman Strebing moved for approval as presented, seconded by Alderman Randle. On the voice vote, all ayes, no nays; the motion so ordered.

#4 AUDIENCE COMMENTS

- Vince Koers of Danville spoke concern of the Danville Fire Department and pensions. He stated the City has struggled for years with the burden placed on the Danville tax payers by an over-staffed, over-stationed, and union oriented Fire Department. He went on to say the Fire Department maintains that the use of mutual aid and assets within the City is unsafe because volunteer departments are poorly trained and thus are dangerous; in their words. Yet the majority of firemen in Danville do not live in Danville and thus are entrusting the lives of their own families to these unsafe volunteers. He recalled when the Fire Division Sustainability Committee studied the problem and proposed a recommendation similar to Troy, Michigan where crews of volunteers man the stations for no pay, but receive a \$15,000 annual pension after 15 years of service, adding that a lot of those volunteers likely work elsewhere full-time and possibly under FICA as well. He stated that closing more stations and reducing head count is a good idea and should be done, but it will not stop the bleeding of the pensions. Mr. Koers stated to the Committee that it is time for the City to vote to organize a volunteer fire department to protect our citizens without fleecing them in the process.
- Charles Dyer of Danville spoke concern of the possible risks associated with closing a fire station, saying that it may create some unnecessary hazards. If the fire station on Griffin Street is closed the large number of industries located on Voorhees would be in greater jeopardy, particularly those industries that use hazardous and combustible materials, which could cause a fire to spread more rapidly. If the fire station on Main Street is closed the potential damage to DACC or the VA could be severe, while also endangering many lives. Mr. Dyer also noted that with Main Street still in the design and development stage, who knows what other

industries or properties might be there in the future.

#5 CHAIRMAN'S COMMENTS

None

#6 PAYROLL

Chairman Puhr presented Payroll for October 7, 2016 of \$78,381.04. Alderman Strebing moved to dispense with the reading and asked for approval, seconded by Alderman Williams. There being no questions, the roll call vote being:

Ayes: Aldermen Randle, Strebing, Williams, Puhr

Nays: None

Absent: Aldermen Cooper, O'Kane, Pickering

Motion carried 4 to 0 with 3 absent.

#7 VOUCHERS PAYABLE

Chairman Puhr presented the Schedule of Vouchers Payable for October 11, 2016 of \$2,364,903.26. Alderman Randle moved to dispense with the reading and asked for approval, seconded by Alderman Strebing. There being no questions, the roll call vote being:

Ayes: Aldermen Randle, Strebing, Williams, Puhr

Nays: None

Absent: Aldermen Cooper, O'Kane, Pickering

Motion carried 4 to 0 with 3 absent.

#8 DANVILLE AREA TRANSPORTATION STUDY (DATS)

Director Schnelle reported the DATS Policy Committee will be meeting this Thursday (*October 13th*) at 10:30am.

#9 LEGAL – David Wesner, Corporation Counsel

#9-A) Chairman Puhr presented a resolution approving a Lease between the City of Danville, County of Vermilion, and the Danville Public Building Commission concerning the Public Safety Building. Alderman Randle moved to dispense with the reading and asked for approval, seconded by Alderman Williams. Corporation Counsel David Wesner stated this lease for the public safety building comes up periodically, the last one being in February and the amendment tonight relates to the overall space utilized by the County & City, as well as payments for the bond that was taken out for the renovations to establish what those numbers are dollar wise that the City has to pay to the Public Safety Building. The provisions are pretty typical to what they always have been and Corporation Counsel Wesner said he appreciated the work the Public Building Commission has done at trying to outline items better, making it a little clearer as to what our responsibilities and obligations are. Mayor Eisenhauer stated in February we asked Council to approve the bond for the capital purchases for the Public Safety Building. This lease before you will take that bond payment into account, as well as a one year increase in operating expenses of 6%. It's a total of \$131,000 difference from last year to this year. The Chairman & I have challenged the new executive director, Mr. Bob Scott to really go through the budget to look for areas of savings, so we did not want to sign a multiple year agreement until that process had taken place. Recognizing they weren't going to be able to get that done prior to us needing the vote ahead of the November 1st deadline, in order to extend the agreement we suggested to bring before you a one year lease. So again that lease would include the new bond payment as well as a 6% increase and with that only a one year term. Chairman Puhr asked if the City will still receive a rebate. Mayor Eisenhauer replied we have although recognizing there needs to be some padding in there based on the way in which the Public Safety Building Commission operates, we want to see that padding reduced as much as possible. So we're not worried at the end of the year if we're not getting a rebate as long as we're not expending more than what we have been in an unreasonable fashion. Chairman Puhr asked if that rebate was based on the twice a year payment. Mayor Eisenhauer replied that is correct.

There being no further questions or discussion, the roll call vote being:

Ayes: Aldermen Strebing, Williams, Puhr, Randle

Nays: None

Absent: Aldermen Cooper, O'Kane, Pickering.

Motion carried 4 to 0 with 3 absent.

#10 PUBLIC TRANSPORTATION – Lisa Beith, Director

#10-A) Chairman Puhr presented a resolution authorizing Inter-Fund borrowing for Danville Mass Transit. Alderman Strebing moved to dispense with the reading and asked for approval, seconded by Alderman Williams. Comptroller Lewis explained that since our financial policy allows us to borrow from other funds we are proposing to borrow from the Sanitary Sewer and Solid Waste Funds in order to make payments in a timely manner for vouchers and vendors for the construction of the Richard Brazda Bus Terminal. This is due to a delay in processing from the State, with anticipated funds to come from the State in the next several months. It was confirmed with the Director of Public Works that the funds in Solid Waste on reserve for the purchase of new trucks would not be purchased within the next four months. Chairman Puhr asked if these funds have to be paid back before the end of our fiscal year. Comptroller Lewis replied that is correct and it will all need to be paid back before the end of the fiscal year. There being no further questions or discussion, the roll call vote being:

Ayes: Aldermen Strebing, Williams, Puhr, Randle

Nays: None

Absent: Aldermen Cooper, O'Kane, Pickering

Motion carried 4 to 0 with 3 absent.

#10-B) Items of Information

- Four proposals were received for CAD/AVL. They will be evaluated and an award will be made within the next 60 days.
- Work on the transfer zone is about 55% complete.

#10-B-1) The Monthly Recap for September 2016, included Ridership Reports, Monthly Revenue Record, and Ridership History. The September fixed route ridership totaled 52,297. The August total ADA ridership was 809 rides, with the September ADA ridership report to be given next month. The total revenue for the month of September was \$30,429.92, which includes Farebox and Subscription revenue at \$17,911.79; Ticket Sales at 11,680.63, and Advertising at \$837.50.

#11 PUBLIC WORKS – Doug Ahrens, Director

#11-A) Chairman Puhr presented a resolution creating the Community Reinvestment Fund 310, to accurately account for the revenue and expenditures associated with the additional .50% Home Rule Sales Tax in the 2016-2017 fiscal year. Alderman Randle moved to dispense with the reading and asked for approval, seconded by Alderman Williams. Comptroller Lewis explained that this fund was created so the additional half percent increase in the sales tax will go directly into the Community Reinvestment Fund, stating that hopefully funds will be received in April. Alderman Randle asked how much the City is anticipated to receive. Comptroller Lewis replied she is hoping for \$80,000 and that it would be going towards the blight removal. Alderman Duncheon asked if the CDBG funds would be going into this community reinvestment fund. Comptroller Lewis replied no, it would be staying in its own fund. There being no further questions or discussion, the roll call vote being:

Ayes: Aldermen Strebing, Williams, Puhr, Randle

Nays: None

Absent: Aldermen Cooper, O'Kane, Pickering

Motion carried 4 to 0 with 3 absent.

#11-B) Items of Information – None

#12 URBAN SERVICES – David Schnelle, Director

#12-A) Chairman Puhr presented a resolution creating IHDA (Illinois Housing Development Authority) Blight Reduction Program, Fund 710, to accurately account for the revenue and expenditures associated with the award from IHDA for the 2016-2017 fiscal year. Alderman Randle moved to dispense with the reading and asked for approval, seconded by Alderman Strebing. Comptroller Lewis stated the City received a Blight Reduction Grant Award from the Illinois Housing Development Authority (IHDA) for \$630,000 and that it's necessary to create a fund to accurately account for how it's coming in as revenue and expenditures associated with the award. Chairman Puhr asked with the City partnering up with Habitat for Humanity to demolish houses, would the City help them in return with housing or giving them lots. Director Schnelle replied if they desired to have the lots, that is something that would be discussed with them. The City needed to engage with them in order to have their not-for-profit status and there needed to be a housing member as a sponsor. The City has agreed to handle all of the paper work internally so they do not have to take on that administrative task and burden. There being no further questions or discussion, the roll call vote being:

Ayes: Aldermen Williams, Puhr, Randle, Strebing

Nays: None

Absent: Aldermen Cooper, O'Kane, Pickering

Motion carried 4 to 0 with 3 absent.

#12-B) Chairman Puhr presented a resolution authorizing Application to IHDA for Funds for Securing, Maintaining and Demolishing Abandoned Properties. Alderman Williams moved to dispense with the reading and asked for approval, seconded by Alderman Strebing. Director Schnelle stated this comes from the same funding source, the IHDA, and is a much smaller grant opportunity requesting up to \$75,000.00 with no local match, which is the abandoned property program. After all questions were addressed and there being no further discussion, the roll call vote being:

Ayes: Aldermen Puhr, Randle, Strebing, Williams

Nays: None

Absent: Aldermen Cooper, O'Kane, Pickering

Motion carried 4 to 0 with 3 absent.

#12-C) Items of Information

#12-C-1) H&L Landfill Update

Director Schnelle reported staff has drafted a revised order which hopefully means that we would not have to go before the Attorney General or court to have this agreed order executed meaning that both parties have come to agreement ahead of time between the EPA and the City. It has been submitted to the EPA for review and we are waiting for their comments if they have any. We are still looking to get that shutdown moving forward.

#12-C-2) NPDES Stormwater Management Update

Director Schnelle reported we would like to come to you in the November meeting to give you an update on the some of the regulatory compliance that we have been moving forward as the part-time Stormwater Engineer has been updating the City's records as it relates to our permit requirements and making sure we are coming into compliance on the NPDES Permit.

#12-C-3) Project Updates

Southview Sewer Project

The Southview Sewer Project was submitted today with calculations showing that our proposed activities will not impact the railroad and a new means and method to try to deal with the footing obstacle encountered. It should take at least a week for them to get back to us. This project is still on hold while we are waiting for their concurrence to get back to us.

Koehn Creek Sewer Project

Director Schnelle reported last winter there was a log jam that took out that sanitary sewer and we have been working with a consultant to design an inverted siphon for that crossing to take the pipes that were above ground and place them below the stream bed. We plan to work with a contractor to do selective flow modeling up and down the branch of the Koehn Creek interceptor to try to determine

where we have the problem as we think there is a large cross connection somewhere that we need to identify and find. Currently the project is on hold so it will most likely be a spring construction.

Tuttle Street Sanitary Sewer Project

The project started this week and we do not anticipate any footings with this project.

Microsurfacing Program

The contractor is planning on beginning October 17th weather pending and also scheduling with the contractor which will finish up Voorhees and Bowman and Denvale West subdivision which will be followed by pavement striping.

#13 FINANCE – Gayle Lewis, Comptroller

#13-A) Chairman Puhr presented a resolution authorizing Agreement for Voluntary Vision Insurance with VSP (Vision Service Plan) for a two year contract for the period of January 1, 2017 to December 31, 2018. Alderman Strebing moved to dispense with the reading and asked for approval, seconded by Alderman Randle. Manager Courson stated the vision insurance is paid 100% by the employees and retirees and there have not been any increases to the premium for five years. VSP asked for a two year plan this year, but due to there being no increase we are recommending the two year plan. After all questions were addressed and there being no further discussion, the roll call vote being:

Ayes: Aldermen Randle, Strebing, Williams, Puhr

Nays: None

Absent: Aldermen Cooper, O'Kane, Pickering

Motion carried 4 to 0 with 3 absent.

After the roll call vote on the vision insurance, Manager Courson stated health insurance negotiations are still pending with Blue Cross/Blue Shield, but agreement will be complete and on the Council agenda for next week. Resolutions and supporting documents were handed out for discussion only. She explained the details of the dental insurance, life insurance, Medicare Advantage Health Insurance Plan offered to Medicare Part B eligible retirees, and the spousal incentive program. The life insurance will include a one year agreement with Met Life through Old National Risk Partners, Inc. for Group Term and AD&D Life Insurance, and Voluntary Life Insurance for the period of January 1, 2017 to December 31, 2017; the dental insurance will include a one year agreement with Met Life for Dental Insurance for the period of January 1, 2017 to December 31, 2017; and the City's Medicare Advantage plan offered to Medicare Part B eligible retirees through Health Alliance for the period of January 1, 2017 to December 31, 2017. She also explained a Spousal Incentive to Lower Monthly Health Insurance Premiums, an incentive program to qualified employees which provide the appropriate incentive payment of \$500, \$2,000 or \$2,500, minus all applicable taxes to employees on, December 9, 2016, in exchange for the monthly premium savings and utilization to the City of Danville's health insurance from January 2017 through December 2017. Manager Courson stated the City saved \$400,000.00 the first year and \$500,000.00 the second year in premiums. After the discussion, Manager Courson and Dan Grelecki with Old National Risk Partners addressed questions from the Committee.

#13-B) DISCUSSION OF 2016 TAX LEVY AND FISCAL YEAR 2017-2018 BUDGET

Mayor Eisenhower stated he would like to focus this evening on where the problem lies with the tax levy really which is with the public safety pensions and what we are going to do with it as we move forward. The Illinois State Statute provides that municipalities with a paid full-time Police or Fire Division must participate in the downstate Police and Fire Pension Funds if you have a population of 25,000 people or greater. Each fund is treated separately so the Danville Police Pension Fund is separate from the Danville Fire Pension Fund. The reason why he pointed this out is because this is different from the IMRF fund as IMRF every municipal employee or municipal retirement fund eligible employee belongs to one statewide pool and one statewide board with a statewide policy on how those funds are invested. The Illinois Municipal League (IML) has argued that one way in which we would like to see public safety pension reform is to have a Police Pension Fund statewide and a Fire

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Pension Fund statewide so that the pool for investment purposes is larger and you are spreading out those characteristics over a much greater number of people than what you are when you have separate funds. There are 625 separate public safety pension funds in the State of Illinois. With the two funds that the City oversees, the Danville Police Pension Fund and the Danville Fire Pension Fund, each have their own board and those boards are made up of five members that consist of two mayoral appointments, two active members, and one retired member on each board. The municipality and its taxpayers are responsible for funding both the normal cost and any unfunded liability towards the pensions on an annual basis and we get two opportunities. We look at what a third party actuary says we are required to pay and we look at what the Illinois Department of Insurance (IDOI) says we are required to pay and we have the ability to choose one or the other by State law. We cannot make up our own. The failure to meet that required payment may result in the loss of Local Government Distributive Funds (LGDF) so the way in which the new law was set up beginning in 2017, if you are not meeting a certain percentage of funding towards your obligation based on what is told to you by a third party actuary or IDOI they will automatically withdraw your funds that you receive from the LGDF and will put those into the pension. For the City of Danville that would be a \$3.5 million dollars loss to the General Fund. State Law requires that each public safety pension fund must be at least 90% funded by the year 2040 and recommends you be 100% funded by the year 2040 so this year we are trying to meet that 100% obligation. There are five factors that make up the public safety pension calculations: the number of active employees, the number of inactive, disabled, or other beneficiaries including surviving spouses, salaries, rate of return on investments, and the benefit package. In the year 2000, the City was paying into the Police Pension \$646,000.00 and in 2015 the City paid \$2.4 million so that is an increase of 286%. In 2000, the City was paying into the Fire Pension \$923,000.00 and in 2015 the City paid \$2.7 million so that is an increase of 194%. The City's total property tax levy was \$4.799 million dollars in the year 2000 and last year it was \$6 million dollars, which means the total tax levy increased 25% in that same 16 year period. In 2000 we were at a 57% funded ratio in the Police Pension and we have been putting in far more than that, at \$2.5 million last year and at the same time our funding ratio has decreased from 57% to 34%. We are putting in more money than we ever have before and we are putting in at least 100% of our annual obligation with last year putting in 118% into each fund. On the Fire side we are putting in more and getting back less by being 44% funded in the year 2000 and 22% funded in the year 2015. In the year 2000 we actually took \$879,000.00 out of the property tax levy to help fund the general fund, and in 2001 that number was at \$1.1 million going from the property tax to help offset the cost in the general fund. The City went from \$703,000 in bond payments in 2000 to a high of 1.4 in 2008, to where last year the City put \$214,000.00 into the Property Tax Levy to go towards bonds. In the year 2000, the City was putting 1.03 million for the Danville Public Library and in the year 2015 it was \$1.7 million, so an increase over those 16 years of but certainly not at the level the City has seen everywhere else. The Police and Fire Pensions have benefits unlike most pension programs, and those benefits are unsustainable to this municipality. The pension benefits include, being eligible for a pension at age 50, with no less than 20 years of service, at 20 years of service, you receive 50% of final salary; for each year of service past 20, you receive an additional 2.5% up to a maximum 75% of final salary (max out at 30 years), in retirement, they receive a 3% compounding COLA annually until death. Upon the death of the retiree, the surviving spouse is entitled to 100% of the pension being paid to the retiree at time of death, annually, with no compounding COLA. It is also unsustainable because police officers, firefighters, and humans are now living longer, according to the 2016 morbidity table retirees are now living past 35 plus years of retirement instead of 20 years. In January 2011 they began Tier II benefits as well, which are far less generous than Tier I benefits, but they only apply to those hired after January 1, 2011 and currently only applies to 28 personnel. The retirement age is raised to 55, it's based on average salary of best 8 over 10 years, and annual increases are not compounding. It will be years before the City sees the benefits from the Tier II changes. The City has received and reviewed the draft numbers for the 2016 Public Safety Pension Funds, which were prepared by a third party actuary, Lauterbach & Amen, LLP. In the past the City has used Tim Sharpe but decided it was to seek bid and identified this company to provide the City's pension numbers for 2016. In the 2016 Police Pension Fund, there are 64 active employees and 73 inactive employees, which includes 52

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retired employees, 1 terminated, 8 disabled, and 12 other beneficiaries, which would include surviving spouses. So in the Police Pension Fund the City still has more inactive employees that we are paying through the system than active employees paying into the system. In the 2016 Police Pension Fund, the normal cost for this year is \$901,913.00 minus the employee contributions of \$436,954.00. The unfunded accrued liability for the City is \$45,692,762.00 and the amortization of unfunded liability is \$2.5 million, making the required contribution for this year \$3,044,157.00. Last year the City was funded at 34% and this year it is 30.95%. In the 2016 Fire Pension Fund, the number of active employees is 44, the number of inactive employees is 82, which includes 55 retired employees, 0 terminated, 8 disabled, and 19 other beneficiaries, which would be the surviving spouses. In the Fire Pension Fund, it is almost double the number of employees that are being paid through the pension system, versus the number of employees paying into the system. The normal cost in the Fire Pension Fund is \$718,638.00, minus the employee contributions of \$293,656.00. The unfunded accrued liability in the 2016 Fire Pension Fund is \$53,343,547.00. The amortization of the unfunded liability is \$3,056,641.00 which makes the total for the required contribution \$3,481,623.00. The funding ratio for the Fire Pension Fund went from 22% to now 18.87%. The Police Pension has increased 371.96% over 17 years and the Fire Pension Fund has increased 277.13% over 17 years. It is the third year in a row for double-digit increases for both Police and Fire Pension Funds. The combined Police and Fire Pensions required contributions this year total to \$6,525,780.00, which is an increase over last year's amount of \$5,208,535.00, an increase of 25.29%, and increase in the dollar amount of \$1,317,245.00. The combined unfunded liability for Public Safety Pensions is \$53,343,547.00 for Fire, \$45,692,762.00 for Police, and a grand total of \$99,036,309.00. Mayor Eisenhower stated there are several factors the City does not have any control over with regards to the Public Safety Pensions, which includes the rate of return on investments, number of inactive or disabled employees or other beneficiaries, benefit packages, and salaries, all of which is controlled by State legislators. The only factor the City has complete control over is the number of active employees, which could have a positive impact on reversing the trend with Public Safety Funds. Discussion ensued and questions from Committee members were addressed by Mayor Eisenhower regarding the concerns of the Public Safety Pensions.

#13-C) Items of Information – Comptroller Lewis stated her department is still not live on Payroll with the new software at this time due to trouble with the conversion data, and will be waiting to go live before completing the business analytics training.

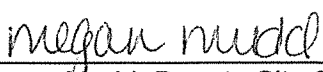
#14 CLOSED SESSION was not needed.

#15 COMMITTEE MEMBERS' COMMENTS

Alderman Randle announced a couple concerns he received from a citizen regarding the dark lighting at the former K-Mart store parking lot and the lighting between Bowman Avenue and Winter to the east of Michigan, and from that intersection of Michigan and Winter, south to Voorhees street. Director Ahrens stated it is out of the City's jurisdiction since it is a rural area and would be County and or Township and the K-mart issue is a concern but it is private property.

#16 ADJOURNMENT

There being no further items on the agenda, the meeting was adjourned at 8:01 p.m. by acclamation after a motion by Alderman Williams and a second by Alderman Strebing.


Megan Mudd, Deputy City Clerk

Approved: 12/13/16
Posted Publicly: 12/14/16