

Jerilee Hopkins  
City Clerk



City of Mt. Vernon  
1100 Main PO Box 1708  
Mt. Vernon, IL 62864  
cityclerk@mvn.net

618-242-5000  
FAX 618-242-6867  
www.mtvernon.com

**City of Mt. Vernon, Illinois  
City Council Workshop Meeting  
Monday, April 22, 2013  
MINUTES**

The Mt. Vernon City Council held a City Council Workshop Meeting on Monday, April 22, 2013, at 3:00 p.m. at City Hall, 1100 Main Street, Mt. Vernon, IL.

Mayor Mary Jane Chesley called the meeting to order.

**ROLL CALL**

Roll call showed present: Council Members Ron Lash, Dennis McEnaney, Todd Piper and Mayor Mary Jane Chesley. Council Member David Wood was absent.

The purpose of the Workshop Meeting was to discuss the 2013-2014 Budget including General Corporate Capital, Public Utilities Capital, Capital Projects Fund, Quality of Life/Economic Development Fund and Special Service Area #1.

City Manager Neibert reported that the City received a letter from a company selling water insurance to customers to cover any losses or improvements they might have on their private lines. The company is sending information with the impression that the City is partnering with them, the City is not partnering nor endorsing this company.

City Manager Neibert went over the following capital budget summaries.

**GENERAL CORPORATE CAPITAL**

GENERAL CORPORATE CAPITAL FUND  
ANNUAL BUDGET SUMMARY

	FY 2012-2013 CURRENTLY BUDGETED FOR ALL CATEGORIES	FY 2012-2013 ESTIMATED RESTRICTED CAPITAL REVENUE & (EXPENDITURES)	FY 2012-2013 ESTIMATED 2010 BONDS REVENUE & (EXPENDITURES)	FY 2012-2013 ESTIMATED 2012 BONDS REVENUE & (EXPENDITURES)	FY 2012-2013 TOTAL ESTIMATED	FY 2013-2014 ESTIMATED RESTRICTED CAPITAL REVENUE & (EXPENDITURES)	FY 2013-2014 ESTIMATED 2010 BONDS REVENUE & (EXPENDITURES)	FY 2013-2014 ESTIMATED 2012 BONDS REVENUE & (EXPENDITURES)	FY 2013-2014 TOTAL PROPOSED
WORKING FUND BALANCE BEGINNING	\$0	\$0	\$0	\$0	\$0	(\$303,706)	\$1,185,788	\$12,153,841	\$13,035,923
REVENUE	\$8,703,518	\$2,153,072	\$5,551,949	\$12,661,377	\$20,366,398	\$2,084,807	\$0	\$25,000	\$2,109,807
TOTAL REVENUES	\$8,703,518	\$2,153,072	\$5,551,949	\$12,661,377	\$7,705,021	\$2,084,807	\$0	\$25,000	\$2,109,807
TOTAL EXPENDITURES	(\$10,316,249)	(\$2,456,778)	(\$4,366,161)	(\$507,536)	(\$7,330,475)	(\$1,781,885)	(\$1,989,612)	(\$608,206)	(\$4,379,703)
ANNUAL CHANGES IN WORKING FUND BALANCE	(\$1,612,731)	(\$303,706)	\$1,185,788	\$12,153,841	\$13,035,923	\$302,922	(\$1,989,612)	(\$583,206)	(\$2,269,896)
WORKING FUND BALANCE ENDING	(\$1,612,731)	(\$303,706)	\$1,185,788	\$12,153,841	\$13,035,923	(\$784)	(\$803,824)	\$11,570,635	\$10,766,027
WORKING FUND BALANCE REQUIRED BY FINANCIAL POLICY						\$0	\$0	\$0	
BALANCE UNAVAILABLE FOR EXPENDITURE		\$133,664				\$133,664			

Neibert noted that the Telecommunications Tax, Food and Beverage Tax and Diesel Tax make up General Corporate Capital and are shown in the brown column of the table. This represents the revenues in and the expenditures out. The majority of expenditures represent bond payments for this year's budget. He noted that there will be no capital equipment purchases this year due to bond payments. The green and purple columns represent the Bond Reserve Funds, where the bond proceeds earmarked for general corporate projects are being held.

Council Member Piper asked if the City knew exactly how much was going into the fund. Neibert concluded they did because the money that was put into that fund was earmarked as a shared portion of the bond proceeds that were received based on the estimated cost of the projects that they had at the time the bonds were issued.

Funds are in good shape in the second set of brown, green and purple columns, noted Neibert. The negative balances in 2010 in the green column are due to projects that were earmarked; 34<sup>th</sup> street, Veterans and Davidson. There were some overruns particularly with the 34<sup>th</sup> Street project due to the bad material they ran into. The good side, he stated, was that there were Public Utility projects that were well under budget by about \$800,000.00. The obligations will be transferred of the overages from the General Corporate side to the underage on the Public Utilities side. The bond proceeds fund for the 2010 bonds will be coming out exactly as anticipated. The fund is in excellent shape and the City is proceeding on schedule. Before proceeding with any construction on projects, assessments will be taken making sure current estimates of the project are at or below what was originally anticipated. Adjustments to the projects can be made at that point. The bonds are being paid back to schedule.

Council Member McEnaney asked for clarification on the balance unavailable for expenditures. Hollmann explained this was not cash on hand, but was used to pay debt service.

### PUBLIC UTILITIES CAPITAL

PUBLIC UTILITIES OPERATING & CAPITAL FUNDS  
ANNUAL BUDGET SUMMARY

WITH 3.0% INCREASE FOR OPERATING	FY 2012-2013 CURRENTLY BUDGETED FOR OPERATIONS	FY 2012-2013 ESTIMATED OPERATING REVENUE (EXPENDITURES) W/ 2.35% INCREASE	FY 2012-2013 ESTIMATED CAPITAL REVENUES (EXPENDITURES) (DEBT SERVICE EXPENDITURES) (CAPITAL EXPENDITURES)	FY 2012-2013 TOTAL ESTIMATES	FY 2013-2014 ESTIMATED OPERATING REVENUE (EXPENDITURES) W/ 3% INCREASE	FY 2013-2014 ESTIMATED CAPITAL REVENUES (EXPENDITURES) (DEBT SERVICE EXPENDITURES) (CAPITAL EXPENDITURES)	FY 2013-2014 TOTAL PROPOSED
WORKING FUND BALANCE BEGINNING	\$410,415	\$408,259	(\$32,200)	\$376,059	\$402,855	(\$362,914)	\$39,941
REVENUE	\$6,695,133	\$6,953,777	\$927,449	\$7,881,226	\$6,923,132	\$978,742	\$7,901,874
TOTAL REVENUES	\$6,695,133	\$6,953,777	\$927,449	\$7,881,226	\$6,923,132	\$978,742	\$7,901,874
EXPENDITURES							
PUBLIC UTILITIES - OPERATING	(\$6,492,990)	(\$6,752,818)	(\$1,258,163)	(\$8,010,981)	(\$6,590,096)	(\$1,005,255)	(\$7,595,351)
PUBLIC UTILITIES - BILLING SERVICES	(\$212,220)	(\$206,363)	\$0	(\$206,363)	(\$215,379)	\$0	(\$215,379)
TOTAL EXPENDITURES	(\$6,705,210)	(\$6,959,181)	(\$1,258,163)	(\$8,217,344)	(\$6,805,475)	(\$1,005,255)	(\$7,810,730)
ANNUAL CHANGES IN WORKING FUND BALANCE	(\$10,077)	(\$5,404)	(\$330,714)	(\$336,118)	\$117,657	(\$26,513)	\$91,144
WORKING FUND BALANCE ENDING	\$400,338	\$402,855	(\$362,914)	\$39,941	\$520,512	(\$389,427)	\$131,085
WORKING FUND BALANCE REQUIRED BY FINANCIAL POLICY					\$567,123		

City Manager Neibert explained this was the Public Utility Capital Fund, no bond funds are referenced. Included are all the revenues that are generated from the five 3% increases. The cost showed the City's cost incurred mostly on debt service for the pro-rata share of the two bond issuances the City did. The item to note in the 2013-14, which will be corrected in the future, is the negative working fund balance of negative \$389,427 in the last green column. This shortfall will be made up this year through a fund transfer from Economic Development Quality of Life. The reason for the shortfall this year is because all the projects were bonded for up front and created that liability. The problem that occurred since they staggered the revenue, the revenue increase was not able to keep up with the bond payments. It's anticipated that the negative figure will disappear over the next few years. This is a short-term issue and

once the revenues come into full fruition the fund will be in good shape in terms of meeting the bond obligations from the Public Utilities side.

Council Member Lash asked if this was based on the 3% increase. Neibert explained that it was. On November 1<sup>st</sup> there was a 3% increase that was earmarked specifically for capital projects, the last one of those wasn't implemented until last November so they have not seen a full years revenue on that and haven't been able to take advantage of it. This will correct itself over the next couple of years.

Council Member Piper asked if the \$389,427.00 would be paid back down the line. Neibert stated that it would. The thing to remember down the line is that with the Resolutions that were passed in the amount of over five million dollars particularly on the west side of Public Utility improvements to the TIF District, eventually over the years the TIF Fund will pay back the Public Utility Fund for those costs.

### **CAPTITAL PROJECTS FUND**

PUBLIC UTILITIES FUND 2010 & 2012 BONDS  
ANNUAL BUDGET SUMMARY

	FY 2012-2013 CURRENTLY BUDGETED FOR 2010 BONDS AND 2012 BONDS	FY 2012-2013 ESTIMATED 2010 BONDS REVENUE (EXPENDITURES)	FY 2012-2013 ESTIMATED 2012 BONDS REVENUE (EXPENDITURES)	FY 2012-2013 TOTAL ESTIMATES	FY 2013-2014 ESTIMATED 2010 BONDS REVENUE (EXPENDITURES)	FY 2013-2014 ESTIMATED 2012 BONDS REVENUE (EXPENDITURES)	FY 2013-2014 TOTAL PROPOSED
WORKING FUND BALANCE BEGINNING	\$2,371,035	\$2,633,696	\$0	\$2,633,696	\$929,605	\$2,811,938	\$3,741,543
REVENUE	\$753,676	\$6,576	\$3,989,689	\$3,996,265	\$50	\$9,700	\$9,750
TOTAL REVENUES	\$753,676	\$6,576	\$3,989,689	\$3,996,265	\$50	\$9,700	\$9,750
EXPENDITURES							
PUBLIC UTILITIES - 2010 & 2012 BONDS	(\$3,054,655)	(\$1,710,667)	(\$1,177,751)	(\$2,888,418)	(\$100,000)	(\$2,966,701)	(\$3,066,701)
TOTAL EXPENDITURES	(\$3,054,655)	(\$1,710,667)	(\$1,177,751)	(\$2,888,418)	(\$100,000)	(\$2,966,701)	(\$3,066,701)
ANNUAL CHANGES IN WORKING FUND BALANCE	(\$2,300,979)	(\$1,704,091)	\$2,811,938	\$1,107,847	(\$99,950)	(\$2,957,001)	(\$3,056,951)
WORKING FUND BALANCE ENDING	\$70,056	\$929,605	\$2,811,938	\$3,741,543	\$829,655	(\$145,063)	\$684,592

WORKING FUND BALANCE REQUIRED BY FINANCIAL POLICY

\$0	\$0
-----	-----

City Manager Neibert stated that the City is in excellent shape on the 2010 and 2012 Bonds issued in the green and purple columns of the chart. In the second green column, there is a positive fund balance of \$829,655.00 due to projects noted earlier which came in under budget after completion. It is the City's intent to balance the 2010 total bond fund by transferring the obligations from Public Utilities into the General Corporate side.

### **QUALITY OF LIFE/ECONOMIC DEVELOPMENT FUND**

QUALITY OF LIFE/ECONOMIC DEVELOPMENT FUND  
ANNUAL BUDGET SUMMARY

	FY 2012-2013 CURRENTLY BUDGETED	FY 2012-2013 ESTIMATED RESTRICTED CAPITAL REV & (EXPENDITURES)	FY 2012-2013 ESTIMATED 2012 BONDS REVENUE & (EXPENDITURES)	#REF! TOTAL ESTIMATED	FY 2013-2014 PROPOSED RESTRICTED CAPITAL REV & (EXPENDITURES)	FY 2013-2014 ESTIMATED 2012 BONDS REVENUE & (EXPENDITURES)	FY 2013-2014 TOTAL PROPOSED
WORKING FUND BALANCE BEGINNING	\$0	\$0	\$0	\$0	\$383,721	\$16,133,033	\$16,516,754
REVENUE	\$0	\$1,828,979	\$19,910,554	\$21,739,533	\$1,846,000	\$124,680	\$1,970,680
TOTAL REVENUES	\$0	\$1,828,979	\$19,910,554	\$1,828,979	\$1,846,000	\$124,680	\$1,970,680
TOTAL EXPENDITURES	\$0	(\$1,445,258)	(\$3,777,521)	(\$5,222,779)	(\$1,436,730)	(\$9,200,325)	(\$10,637,055)
ANNUAL CHANGES IN WORKING FUND BALANCE	\$0	\$383,721	\$16,133,033	\$16,516,754	\$409,270	(\$9,075,645)	(\$8,666,375)
WORKING FUND BALANCE ENDING	\$0	\$383,721	\$16,133,033	\$16,516,754	\$792,991	\$7,057,388	\$7,850,379

WORKING FUND BALANCE REQUIRED BY FINANCIAL POLICY

\$0	\$0
-----	-----

BALANCE UNAVAILABLE FOR EXPENDITURE

\$308,471
-----------

\$308,471
-----------

Neibert noted that the brown column indicates the part of the capital fund where the revenues go in and the bond payments and other capital expenses go out that are not part of the bond proceeds. There is an excess amount of money to cover any debt service for additional bond issuances in the future. The fund was not in place when bonds were issued in 2010. The only bond proceeds that were earmarked for Economic Development and Quality of Life Projects are from the 2012 bonds which are in excellent shape. This fund includes the new aquatic facility.

Council Member Lash asked where capital revenue comes from. Neibert explained that the revenue comes from the half percent sales tax increase done back in March. The media was updated on the capital projects back in April.

### **SPECIAL SERVICE AREA #1**

The item for discussion is the proposal to fund DMDC out of the General Corporate Fund as opposed to the Special Service Area (SSA). The City has had several meetings with the DMDC and is comfortable transferring the funding to that organization from the SSA to the General Corporate. They had proposed a \$550,000.00 deficit within the General Corporate Fund budget and if additional funds were added out of that the deficit would increase. However, the plan is to take those SSA dollars and put them into the Public Works Department to subsidize the maintenance, upkeep and materials of the downtown area. They can transfer SSA money into the Public Works Department to make up for any General Corporate dollars that would be given to that fund to make it pretty close to a wash, stated Neibert. SSA budgeted as submitted by the DMDC was \$106,000.00. The City is proposing setting up an arrangement like with the JCDC. The City provides an annual contribution to fund their operations. The arrangement has been very efficient and successful. Neibert stated that it would be his recommendation, in looking at the changes that would need to be made and some programmatic things DMDC has done, to fund them at a level of \$115,000.00.

Council Member Piper asked what the defined operations of DMDC would be. Neibert explained the DMDC would be a true Downtown Mt. Vernon entity, no longer having restrictions on what they could do under the rules of the SSA dollar. By utilizing General Corporate dollars they can expand their boundaries of influence to beyond their SSA boundaries and bring more people into the downtown fold, making their job more effective and relieving their burden of physical maintenance and upkeep of an area where the City has more manpower to properly maintain those facilities in the downtown area. They can truly be an economic development arm of the City for the downtown area and a programmatic promotional entity rather than the janitor for downtown.

Council Member Piper asked if the DMDC would be adopting new bylaws and new economic development. Neibert believed that their bylaws were drawn up consistent with what Illinois main street goes along with and he doesn't believe any change in this would effect their bylaws, unless there is something in their bylaws that specifically restricted them to the SSA area, if it didn't, then there is very little they need to do in terms of their organizational structure.

Council Member McEnaney commented that this is something the Downtown Development Corporation is very excited about and looking forward to not only to eliminate some of the maintenance, but to be a true economic development engine, as piper stated. McEnaney is really impressed that DMDC wants to expand their area and cover more downtown area which is very exciting. This also allows them to bring in private funds to help market the whole downtown area.

City Manager Neibert stated that if there is no objection from the Council for the final review on the budget he would make the appropriate adjustments in budgeting the SSA money into the Public Works Department and then earmarking a line item in the General Government portion of the General

Corporate Fund for a \$115,000.00 annual contribution to the DMDC. The final budget would be ready for the April 29<sup>th</sup> meeting.

**EXECUTIVE SESSION**

No Executive Session was held.

**ADJOURNMENT**

**Motion by Council Member McEnaney to adjourn. Seconded by Council Member Piper. Yeas: Lash, McEnaney, Piper and Chesley. Council Member Wood was absent.**

The meeting was adjourned at 3:32 p.m.

Respectfully submitted,

Jerilee Hopkins  
City Clerk