

**City of Mt. Vernon, Illinois  
City Council Workshop Meeting  
Monday, September 10, 2012  
MINUTES**

The Mt. Vernon City Council held a Workshop Meeting on Monday, September 10, at 3:00 p.m. at the City Hall, 1100 Main Street, Mt. Vernon, IL.

**Call to Order**

Mayor Mary Jane Chesley called the meeting to order.

**Roll Call**

Roll call showed present: Council Members Ron Lash, Dennis McEnaney, Todd Piper, David Wood and Mayor Mary Jane Chesley. Also present: City Manager Ron Neibert, Programs Manager Nathan McKenna and City Clerk Jerilee Hopkins.

**Presentation by Mary Ellen Bechtel**  
**Mary Burgan's Railroad Project**

Mary Burgan deferred to Mary Ellen Bechtel of the Jefferson County Development Corporation. She noted that over the past few years JCDC has been looking for existing local assets and opportunities to leverage for economic development that can benefit the City's business attraction, retention, and job creation. The extensive railroad system in Jefferson County is an asset. There are four Class I railroads located in Mt. Vernon/Jefferson County — Burlington Northern Santa Fe, Norfolk Southern, Union Pacific and Evansville West/CSX. There are a few companies in Jefferson County that are dependent on the railroad for delivery and shipping of raw materials and finished product. There has been inquiry about the City's future development and retention of companies as it relates to rail. Transportation represents one of the largest costs of doing business in the manufacturing and distribution industry.

JCDC employed IMS Worldwide, Inc. to perform a rail study. They are experts in global logistics. Questions were posed to IMS: Would it be possible to generate more development because of the rail system in Jefferson County? How does Mt. Vernon/Jefferson County, fit into this big global industry? Would it be possible to do more to reduce transportation costs for local companies and also use that to leverage new companies to our area? Is there anything unique about the rail system in Jefferson County/Mt. Vernon that would give us an edge or advantage considering the geographic area?

The study found that Jefferson County/Mt. Vernon does have a unique opportunity as it relates to rail. It is not usual to have three class I railroads that converge in one area in a community or county. This could really set us apart from our competition. Also, the expansion of the Panama Canal could be beneficial to our opportunity to attract more business and for the expansion of existing businesses as

they are procuring their raw materials needed in their daily business. In addition, the rail industry is in an expansion mode due to the limits and new compliance, safety and accountability laws for the trucking industry. It is expected to grow in the future.

Mt. Vernon/Jefferson County has a mature and improving Interstate highway system running through it to support more distribution and rail-reliant projects. There is potential for the east/west opportunity in our rail system, but we do not have an inter-connection between those rail systems or transloading ability. The lack of interconnectivity limits market access since there are three railroads that could have interconnection, but are not connected. If the three railroads — Evansville Western, Norfolk Southern, Union Pacific — were interconnected then Jefferson County/Mt. Vernon would experience greater market opportunity for our existing companies in shipping goods and east/west rail shipping opportunities.

Ms. Bechtel referred to map #1 that divides the United States in half. Seventy-seven percent of the population lives on the east side of the country. Map #2 demonstrates the rail connectivity that is creating new market opportunities. The light blue area represents 44% of the U.S. population. The orange cities are served by both class I railways, CSX and Norfolk Southern. The green is only served by CSX and dark blue is only served by Norfolk Southern.

Class I railroads are defined as "having annual carrier operating revenues of \$250 million or more" after adjusting for inflation using a Railroad Freight Price Index developed by the Bureau of Labor Statistics (BLS). They are the giant freight railroads that own the majority of tracks in North America. Their lines span the continent, and each day their yards and terminals send forth hundreds of trains carrying goods of all types.

Class II railroads are mid-sized freight-hauling railroads, in terms of its operating revenue. As of 2006, a railroad with revenues greater than \$20.5 million but less than \$277.7 million for at least three consecutive years is considered a Class II railroad. Switching and terminal railroads are excluded from Class II status.

Shortline railroads are small or mid-sized railroad companies that operate over a relatively short distance relative to larger, national railroad networks. In the United States, railroads are categorized by operating revenue, and most shortline railroads fall into the Class III or Class II categorization defined by the Surface Transportation Board. Shortlines generally exist for one of three reasons: to link two industries requiring rail freight together (for example, a gypsum mine and a wall board factory, or a coal mine and a power plant); to interchange revenue traffic with other, usually larger, railroads; or to operate a tourist passenger train service. Often, short lines exist for all three of these reasons.

Map #3, Competition for Inland Destination-the Battleground, shows ports from around the globe working to get their goods to the greatest population areas. The blue circle represents over 20 million TEUs. TEUs (twenty-foot equivalent unit) are an inexact unit of cargo capacity often used to describe the capacity of container ships and container terminals. It is based on the volume of a 20-foot-long intermodal container, a standard-sized metal box which can be easily transferred between different modes of transportation, such as ships, trains and trucks.

Map #4 shows the population by market. Mt. Vernon/Jefferson County is well situated within three market areas – Chicago, Atlanta, and Dallas – allowing great potential for a future in transloading (moving containers and goods from the rail and shipping out of Mt. Vernon on the rail) as well as transportation cost savings for existing companies and providing greater flexibility in the movement of goods to existing and new markets.

Understanding that a company could easily reach 77% of the U.S. population and with some connectivity they can ship goods coast to coast puts Jefferson County/Mt. Vernon in a good position for actively promoting and participating in the global supply chain.

A challenge identified in the study is that the three (3) rail providers – Evansville Western, Union Pacific, and Norfolk Southern — that have the greatest potential for Jefferson County/Mt. Vernon are not interconnected. There have been initial meetings with favorable response to working toward interconnectivity and could all be accomplished in phases; hopefully in time for the completion of the Panama Canal expansion in 2014.

Mt. Vernon is not the only community anticipating the change in logistics and the supply chain with the Panama Canal expansion. But with the three rail systems already here and their interconnectivity our community has the unique opportunity of interconnection with three rails. According to the study, there are only four (4) other cities in the U.S. with the same opportunity.

The most reasonable location for this interconnection is on the Milano Metals property within the City of Mt. Vernon because the rails converge there. The first phase would be to get the Evansville Western rail on to the Milano Metals yard which is very close, but it does require some work. Some new permanent jobs will be created from this extension. Milano Metals will hire 3-4 permanent full time employees and Evansville Western may hire about 12 to expand their crews.

Greg Phelps and Robby Buchanan, representatives from P & L Transportation Co., appeared before the City Council. Mr. Phelps noted that the P & L Transportation Co. owns three railroads — Paducah & Louisville Railway, Appalachian & Ohio Railroad, Evansville Western Railway. The project with Milano Metals would be the beginning to the overall project referred to by Mary Ellen Bechtel and Mt. Vernon is filled with so much opportunity. Initially, a track will be built inside Milano Metals that will allow the Evansville Western to serve her facility locally. In order to accomplish this it is necessary to close a portion of Seventh Street. Construction of the track connection will take about three months with the remaining construction to take six to eight months at a cost to P & L Transportation Co. of about \$.5 million. Milano Metals already has a connection with the Union Pacific and the Norfolk Southern railroads. P & L will work with the UP and the NS in order to construct interchanges with them through this scenario. Mr. Phelps stated that they expect to hire 10-12 workers to complete the project. After the connection with Milano Metals is complete, P & L expects to hire 3-4 people for crews to serve the facility. When business increases, P & L will employ 10-12 employees.

P & L Transportation Co. is not asking for any financial assistance. They believe the \$.5 million investment in the new connection at Milano Metals will be recouped from additional business. P & L Transportation Co. also serves a port at Mt. Vernon, Indiana on the Ohio River. Also, there are two large projects in the works (that are confidential) that would benefit from a connection to get scrap from Milano Metals.

According to Mr. Phelps, it is imperative to close a portion of Seventh Street for safety reasons as well as to reduce construction costs (\$200,000 to \$300,000 to cross Seventh Street). Steel barricades would be installed on either side of the tracks but can be moved in case of a catastrophic emergency and not used day to day. He noted that P & L Transportation Co. will agree not to "switch" the facility between 7:00 a.m. and 5:00 p.m. so that Tenth Street would not be blocked during the day.

Mr. Phelps noted that they have identified 1,500 train car loads annually of raw materials that could use the Norfolk Southern railway if the connection is completed. With the new connection it will be possible to do transloading that we don't have in the area.

Intermodal freight transport involves the transportation of freight in an intermodal container or vehicle, using multiple modes of transportation (rail, ship, and truck), without any handling of the freight itself when changing modes. These containers will come from China, Japan, Indonesia, etc. A railway hub is necessary for intermodal transporting. They are located in St. Louis, Chicago and other large metropolitan areas. Wheels are placed on the container, they are attached to a truck and then delivered.

Transloading is described as follows: a load of lumber is on a single rail car, transload the lumber to a truck and then delivery is made to a retail or wholesale lumber company. No container is moved by truck - only the lumber/product. A large area of rail track would be needed in order to store rail cars full of product at the Mt. Vernon facility.

It is much more cost effective to transport goods by train with increasing fuel costs for semi-trucks.

Intermodal freight transport is one of the largest growing segments of the rail industry. The hubs are very crowded. With growth and success at transloading in Mt. Vernon, intermodal transport may be considered in the future

The Evansville Western presently connects to the CSX in Evansville, Indiana. The connection with the Union Pacific is very small amount of track, does not accommodate a large number of cars, and therefore, is not efficient. Evansville Western connects with the BNSF at Woodlawn, IL. P & L Transportation is in preliminary negotiations with the Canadian National for a connection in Belle Rive, IL or Ashley, IL.

Mary Ellen Bechtel noted that the IMS Worldwide identified several types of businesses related to the automobile industry because we had a base auto industry here and all the services that go along with it such as welding. She believes that bringing this type of facility and infrastructure to the City will provide an excellent opportunity to bring future business and more jobs to the City and the region. Multiple rail connections are always enticing to industries looking to locate in a community. This could have an immediate impact on the City.

Mr. Phelps stated in the last two years he has been told that about 90% of companies looking at industrial sites all want rail access with transloading capability close by.

Robby Buchanan of P & L Transportation noted that they will have the switch completed into Milano Metals in the very near future.

City Manager Neibert stated the Police Department, Fire Department, high school, Bus Company, and others that might be impacted by the closing of Seventh Street and the traffic flow have been contacted. There were no concerns expressed. Seventh Street will only be closed at the railroad tracks. Milano Metals will be accessible from the north.

Council Member Wood added that he has received a request to consider installing a stop sign at Shawnee and Perkins. He requested that the City Council also include the placement of that stop sign in the direction given to City Manager Neibert.

Council Member Piper recognizes the economic benefit of this second tier industry and hopes that it outweighs the pain and inconvenience of closing down Seventh Street.

**Council Member Wood made a motion to direct the City Manager to negotiate an appropriate agreement with Milano Metals to enumerate the terms and conditions on the closing of Seventh Street and for consideration of a stop sign at Perkins and Shawnee Street. Second by Council Member Piper. Yeas: Lash, McEnaney, Piper, Wood and Chesley.**

#### **First Quarter Budget Review**

City Manager Neibert noted the General Corporate Fund operating cash balance as of April 30, 2012 was \$2,952,048. The operating cash balance at the end of the first quarter was \$2,602,869. He observed there was \$324,000 in increased accounts payable due to large projects ongoing. The end of the first quarter balance was a little lower than normal because there was an extra payroll cycle within the quarter.

The working fund balance as of April 30, 2012 was \$3,827,866 while the working fund balance at the end of the first quarter was \$3,719,436. Actual revenues as percentage of the budget are on target at 25%. The original budgeted operating deficit for FY 2012-2013 was (\$287,615). The actual budget operating deficit for the first quarter was (\$108,430). Typically the first quarter of the budget year is heavier on expenses than other quarters. He is confident the deficit will be erased by the end of the budget year as has been done in the last four years.

The Public Utilities Fund operating cash balance as of April 30, 2012 was \$603,946. There was a \$445,000 increased accounts payable. The operating cash balance at the end of the first quarter was \$335,742 with increased accounts payable of \$289,000. Again, the end of the first quarter balance was lower because there was an extra payroll cycle within the quarter.

The working fund balance was \$409,041 and at the end of the first quarter was \$432,648. Revenues are coming a bit higher than budgeted at 28%. Expenditures are also higher at 27% because of the hot and dry weather this past summer so there was a substantial usage in water and sewage. The original budgeted operating deficit was (\$10,077). The deficit has already been eliminated and the actual operating surplus for the first quarter was \$23,607. Neibert is confident that a surplus will exist at the end of the year.

**GENERAL CORPORATE FUND**  
**1% STATE SALES TAX**  
**COMPARISON OF CURRENT YEAR ACTUAL TO BUDGET AND PRIOR YEAR ACTUAL**  
**FY 2012-2013**  
**A/C 01-10120-00**

<b>LIABILITY MONTH</b>	<b>MONTH RECEIVED</b>	<b>FY 2012-2013 ACTUAL</b>	<b>FY 2012-2013 BUDGET</b>	<b>FY 2011-2012 ACTUAL</b>	<b>FY 2012-2013 INCREASE OVER FY 2011-2012</b>
APRIL	JULY	\$413,345.85	\$449,525.00	\$438,054.71	-5.6%
MAY	AUGUST	\$462,490.66	\$436,203.00	\$425,073.52	8.8%
JUNE	SEPTEMBER	\$450,682.91	\$483,482.00	\$471,145.49	-4.3%
JULY	OCTOBER		\$488,186.00	\$475,730.14	-100.0%
AUGUST	NOVEMBER		\$452,486.00	\$440,940.37	-100.0%
SEPTEMBER	DECEMBER		\$441,754.00	\$430,482.03	-100.0%
OCTOBER	JANUARY		\$434,131.00	\$423,053.79	-100.0%
NOVEMBER	FEBRUARY		\$495,059.00	\$482,427.64	-100.0%
DECEMBER	MARCH		\$593,568.00	\$578,423.02	-100.0%
JANUARY	APRIL		\$413,180.00	\$402,637.47	-100.0%
FEBRUARY	MAY		\$444,160.00	\$432,826.88	-100.0%
MARCH	JUNE		\$499,267.00	\$486,526.94	-100.0%
<b>ANNUAL TOTALS</b>			\$5,631,000.00	\$5,487,322.00	
<b>YEAR-TO-DATE COMPARISON</b>		\$1,326,519.42	\$1,369,210.00	\$1,334,273.72	
<b>INCREASE (DECREASE) TO BUDGET AND PRIOR YEAR ACTUAL</b>			(\$42,690.58)	(\$7,754.30)	
<b>PERCENT INCREASE (DECREASE)</b>			-3.1%	-0.6%	

Neibert speculated that perhaps the Interstate 57 construction is a reason for the reduction in the 1% state sales tax.

**GENERAL CORPORATE FUND**  
**1% HOME RULE TAX**  
**COMPARISON OF CURRENT YEAR ACTUAL TO BUDGET AND PRIOR YEAR ACTUAL**  
**FY 2012-2013**  
**A/C 01-10125-0000**

<b>LIABILITY MONTH</b>	<b>MONTH RECEIVED</b>	<b>FY 2012-2013 ACTUAL</b>	<b>FY 2012-2013 BUDGET</b>	<b>FY 2011-2012 ACTUAL</b>	<b>FY 2012-2013 INCREASE OVER FY 2011-2012</b>
APRIL	JULY	\$301,330.71	\$322,232.00	\$315,948.25	-4.6%
MAY	AUGUST	\$320,847.45	\$320,104.00	\$313,862.01	2.2%
JUNE	SEPTEMBER	\$321,667.13	\$337,485.00	\$330,904.19	-2.8%
JULY	OCTOBER		\$319,897.00	\$313,659.63	-100.0%
AUGUST	NOVEMBER		\$315,363.00	\$309,213.30	-100.0%
SEPTEMBER	DECEMBER		\$308,656.00	\$302,637.83	-100.0%
OCTOBER	JANUARY		\$302,426.00	\$296,529.37	-100.0%
NOVEMBER	FEBRUARY		\$312,527.00	\$306,433.22	-100.0%
DECEMBER	MARCH		\$422,320.00	\$414,084.63	-100.0%
JANUARY	APRIL		\$280,957.00	\$275,478.80	-100.0%
FEBRUARY	MAY		\$303,238.00	\$297,324.87	-100.0%
MARCH	JUNE		\$348,795.00	\$341,993.90	-100.0%
<b>ANNUAL TOTALS</b>			\$3,894,000.00	\$3,818,070.00	
<b>YEAR-TO-DATE COMPARISON</b>		\$943,845.29	\$979,821.00	\$960,714.45	
<b>INCREASE (DECREASE) TO BUDGET AND PRIOR YEAR ACTUAL</b>			(\$35,975.71)	(\$16,869.16)	
<b>PERCENT INCREASE (DECREASE)</b>			-3.7%	-1.8%	

**GENERAL CORPORATE FUND  
STATE INCOME TAX  
COMPARISON OF CURRENT YEAR ACTUAL TO BUDGET AND PRIOR YEAR ACTUAL  
F/Y 2012-2013  
A/C 01-10130-0000**

<b>LIABILITY MONTH</b>	<b>MONTH NORMALLY RECEIVED</b>		<b>F/Y 2012-2013 ACTUAL</b>	<b>F/Y 2012-2013 BUDGET</b>	<b>FY 2011-2012 ACTUAL</b>	<b>F/Y 2012-2013 INCREASE OVER 2011-2012</b>
MAY	JUNE	Not Yet Rec'd	\$100,923.46	\$86,308.00	\$91,194.53	10.7%
JUNE	JULY	Not Yet Rec'd	\$129,600.09	\$111,807.00	\$118,137.36	9.7%
JULY	August	Not Yet Rec'd	\$81,325.49	\$76,920.00	\$81,274.76	0.1%
AUGUST	SEPTEMBER			\$74,038.00	\$78,230.17	-100.0%
SEPTEMBER	OCTOBER			\$117,594.00	\$124,252.62	-100.0%
OCTOBER	NOVEMBER			\$74,891.00	\$79,131.47	-100.0%
NOVEMBER	DECEMBER			\$70,513.00	\$74,505.64	-100.0 %
DECEMBER	JANUARY			\$104,764.00	\$110,695.55	-100.0 %
JANUARY	FEBRUARY			\$120,787.00	\$127,626.00	-100.0 %
FEBRUARY	MARCH			\$80,584.00	\$85,146.93	-100.0 %
MARCH	APRIL			\$125,121.00	\$132,205.69	-100.0 %
APRIL	MAY			\$181,673.00	\$191,959.11	-100.0 %
<b>ANNUAL TOTAL</b>				\$1,225,000.00	\$1,294,359.83	
<b>YEAR-TO-DATE COMPARISON</b>			\$311,849.04	\$275,035.00	\$290,606.65	
<b>INCREASE/(DECREASE) TO BUDGET AND PRIOR YEAR ACTUAL</b>				\$36,814.04	\$21,242.39	
<b>PERCENT INCREASE (DECREASE)</b>				13.4%	7.3%	

The state income tax proceeds are up 13.4% over budget and the actual receipts are 7.3% over last year. It appears that the state economy is rebounding.

**CAPITAL PROJECTS FUND (STARTING 5/1/2012)**  
**FOOD AND BEVERAGE TAX**  
**COMPARISON OF CURRENT YEAR ACTUAL TO BUDGET AND PRIOR YEAR ACTUAL**  
**F/Y 2012-2013**  
**A/C 01-10165-00**

<b>LIABILITY MONTH</b>	<b>MONTH NORMALLY RECEIVED</b>	<b>F/Y 2012-2013 ACTUAL</b>	<b>F/Y 2012-2013 BUDGET</b>	<b>FY 2011-2012 ACTUAL</b>	<b>F/Y 2012-2013 INCREASE OVER 2011-2012</b>
MAY	JUNE	\$55,491.24	\$53,472.20	\$53,431.26	3.9
JUNE	JULY	\$56,540.28	\$55,354.14	\$55,311.76	2.2
JULY	AUGUST	\$57,036.20	\$56,996.34	\$56,952.71	0.1
AUGUST	SEPTEMBER		\$51,654.28	\$51,614.74	-100.0
SEPTEMBER	OCTOBER		\$50,903.46	\$50,864.49	-100.0
OCTOBER	NOVEMBER		\$52,663.60	\$52,623.28	-100.0
NOVEMBER	DECEMBER		\$49,348.31	\$49,310.53	-100.0
DECEMBER	JANUARY		\$55,913.85	\$55,871.05	-100.0
JANUARY	FEBRUARY		\$48,746.95	\$48,709.63	-100.0
FEBRUARY	MARCH		\$50,687.49	\$50,648.69	-100.0
MARCH	APRIL		\$56,427.75	\$56,384.55	-100.0
APRIL	MAY		\$53,331.64	\$53,290.81	
<b>ANNUAL TOTALS</b>			\$635,500.00	\$635,013.50	
<b>YEAR-TO-DATE COMPARISON</b>		\$169,067.72	\$165,822.67	\$165,695.72	
<b>INCREASE (DECREASE) TO BUDGET AND PRIOR YEAR ACTUAL</b>			\$3,245.05	\$3,371.89	
<b>PERCENT INCREASE (DECREASE)</b>			2.0%	2.0%	

The Food and Beverage Tax is up 2% over budget and 2% over actual from last year.

According to Finance Director Hollmann all of the spreadsheets discussed today were uploaded to the Council's iPads around 2:30 or 2:45 p.m. today.

Council Member Wood requested to have a City Council Workshop focusing on iPad training. Mayor Chesley remarked that it would be helpful for Council Member Wood to give the Council an outline of the iPad training. Wood noted that he would send a list of about 15 topics, i.e. drop box, good reader, to be

discussed. Council was encouraged to forward to Council Member Wood topics of interest to them for the workshop. This workshop is scheduled for Tuesday, September 25, 2012 at 3:00 p.m. at the City Hall, Mt. Vernon.

**CAPITAL PROJECTS FUND (STARTING 5/1/2012)**  
**2 CENT DIESEL FUEL TAX**  
**COMPARISON OF CURRENT YEAR ACTUAL TO BUDGET AND PRIOR YEAR ACTUAL**  
**FY 2012-13**  
**A/C 01-10166-00**

<b>LIABILITY MONTH</b>	<b>MONTH RECEIVED</b>	<b>FY 2012-13 ACTUAL</b>	<b>FY 2012-13 BUDGET</b>	<b>FY 2011-12 ACTUAL</b>	<b>FY 2012-2013 INCREASE OVER FY 2011-12</b>
MAY	JUNE	\$50,554.24	\$43,626.90	\$44,469.25	13.7%
JUNE	JULY	\$45,698.18	\$48,302.81	\$49,235.44	-7.2%
JULY	AUGUST	\$43,487.91	\$51,061.23	\$52,047.12	-16.4%
AUGUST	SEPTEMBER		\$54,619.93	\$55,674.53	-100.0%
SEPTEMBER	OCTOBER		\$56,037.35	\$57,119.32	-100.0 %
OCTOBER	NOVEMBER		\$62,444.48	\$63,650.16	-100.0%
NOVEMBER	DECEMBER		\$50,057.84	\$51,024.36	-100.0 %
DECEMBER	JANUARY		\$43,691.92	\$44,535.53	-100.0 %
JANUARY	FEBRUARY		\$55,456.69	\$56,527.45	-100.0 %
FEBRUARY	MARCH		\$57,884.95	\$59,002.60	-100.0 %
MARCH	APRIL		\$52,928.86	\$53,950.81	-100.00 %
APRIL	MAY		\$52,287.05	\$53,296.61	-100.00 %
<b>ANNUAL TOTALS</b>			\$628,400.00	\$640,533.18	
<b>YEAR-TO-DATE COMPARISON</b>		\$139,740.33	\$142,990.93	\$145,751.81	
<b>INCREASE (DECREASE) TO BUDGET AND PRIOR YEAR ACTUAL</b>			(\$3,250.60)	(\$6,011.48)	
<b>PERCENT INCREASE (DECREASE)</b>			-2.3%	-4.1%	

There was a slight reduction of the 2 cent diesel fuel tax of -2.3% and actual reduction of -4.1%. The Interstate highway construction may have contributed to the decreases.

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

The meeting adjourned at 4:40 p.m.

Respectfully submitted,

Jerilee Hopkins  
City Clerk