

Mayor Charles "Skip" Lee called a meeting of the Sterling City Council to order at 6:30 pm on Monday, December 21, 2015. Roll call. Present: Aldermen Bob Conklin, Retha Elston, Joe Martin, John Stauter, and Chris Wilen. Absent: Alderman Chris Schuchard.

Also present were City Attorney Ron Coplan, City Manager Scott Shumard, Finance Director Cindy Von Holten, Superintendent of Waste Water Treatment Scott Howard, Superintendent of Public Works Brad Schrader, Fire Chief Gary Cook, Fire Deputy Chief Mike Dettman, Police Chief Ron Potthoff, Police Lt. Tim Morgan, Police Lt. Jeff Mohr, and City Clerk Marie Rombouts.

The Pledge of Allegiance was recited.

Shirley Sharp suggested saving money by not putting money towards grants. Put the grant requests on hold and use the money where it is needed. Get the improvements off the backs of the resident and keep the taxes down. Manager Shumard stated the Lawrence Building and Fred Boese Building are projects of Sterling Today and no City money is involved.

Rebecca Douglas asked the status of the theater. Mayor Lee stated the theater is doing well. The buildings connected to the theater are all rented. GSDC's goal is to not be in the theater business. Douglas asked why they are only open on weekends. Mayor Lee stated that because weekdays are slow, they are open primarily weekends to save staffing costs. Douglas asked if the City loaned the money for that project. Manger Shumard stated that GSDC collects rent and then pays the City back.

Matt Laughlin, President of the Sterling Firefighters Union thanked Chief Cook for his presentation at the last meeting describing fire services. Chief Cook has bridged the gap between the City and the firefighters after the furlough time in 2009. The Fire Department did the most because they worked for free during that time. Laughlin encouraged the public to stop by the Fire Department to learn what they do.

Terry Rajnowski wanted to see activities in Sterling and Rock Falls downtown areas. Public events will bring money back to the downtown.

Alderman Elston made a motion to approve the Consent Agenda as follows:

- 1) City Council Minutes of December 7, 2015
- 2) Study Session Minutes of December 14, 2015
- A) Bills and Payroll totaling \$707,399.30
- B) Approve Partial Pay Request #2 to Civil Constructors for the 2015 Street Project, Contract #1 in the amount of \$111,460.40

- C) **Resolution #R2015-12-28 Authorizing the Sale of 902 Fourth Avenue, a single-family dwelling** to Emily A. Hammett in the amount of \$101,000.00
- D) **Resolution No. R2015-12-29 providing for the Abatement of Certain Taxes Levied Against Real Property for the Special Service Area Unlimited Tax Bonds, Series 1998 – Greenridge, in the annual amount of \$38,080.07 for years 2015, 2016, 2017, and 2018**
- E) **Motor Fuel Tax Resolution #R2015-12-30 for Maintenance of Streets and Highways from January 1, 2016 to December 31, 2016 in the amount of \$265,000**

The motion was seconded by Alderman Martin. Voting: Ayes – Aldermen Conklin, Elston, Martin, Stauter, and Wilen. Nays – None. Motion carried.

Chief Potthoff presented Jeff Mohr with a Certificate of Promotion to Lieutenant.

Alderman Martin made a motion to approve **Ordinance #2015-12-20 Establishing a Municipal Utility Tax for Gas and Electric**; seconded by Alderman Conklin.

Manager Shumard presented information on the loss of revenues, the increase of expenses, utility tax overview, comparisons to surrounding communities/states, cuts necessary if utility tax is not passed, and previous public comments on cost savings.

Robert Mayer suggested that pension problems be solved by offering social security to new staff, with 401K's. Mayer has nothing against police or fire but this has to stop. Mayor Lee stated that the state controls the pensions and we cannot change the pension plans to social security and 401K's.

Ed McCune stated we are in a bad position. Cut salaries. Sterling was booming years ago with factories and small farms. Get the City back in order. Follow the budget and do without when the money runs out. Alderman Conklin stated that the budget is cut to the bone. Conklin does not like taxes any better than anyone else. Alderman Martin stated it is difficult to cut when we are in the business of service. There is no season of lay-offs for fire and police, like a demand for product in a factory. Martin stated he was here six years ago during the lay-offs. Morale decreased greatly. If you don't need City services, you don't know what they do. Alderman Stauter stated that he hates to raise taxes, but there are not alternatives. He sees no way but to approve the tax increases.

Bill Inks stated that this is not an all or nothing proposal. The full tax levy and the utility tax do not have to be passed as a package. Inks believes there are small expenses that are not being addressed. Inks fully supports the fire and police services. Inks stated this will happen again next year. The City needs to draw the line. Manager Shumard reported that 12 firefighters retired in a five year period, creating a larger gap in the fire pension. Alderman Conklin stated we will not have so many retirees in the near future.

Donna Cady has lived in Sterling two months and asked how we compare to other states. Manger Shumard stated that property taxes in surrounding states may not have the increases that we do but they have higher income taxes. Shumard stated that nearby states have state-wide pension plans that regulate contributions because it is a shared pool. Shumard reiterated that the state has to make changes.

Rajnowksi stated that population has decreased, there is less work, and money has been lost.

Matt Laughlin reported the state did make some changes to the pension plans four years ago. There is now a Tier 2 which will require firefighters to work more years and to an older age. Laughlin stated the firefighters support the Resolution to the State Assembly for Reform on Pensions.

Mike Keefer stated that he currently pays \$320 monthly for his taxes and wants to know when it will end.

Jerry Ratajczak stated that he sat on local government bodies. He asked that the utility tax be reviewed by every new Council. He suggested a clause be added to the ordinance for review on a bi-annual basis.

Scott Howard suggested that these strong voices talk with their state legislators to urge change in the right direction.

Rick Hurlless stated that the tax increase is unreasonable. He stated that he can pay but others cannot. Alderman Martin stated that in 2008 a double digit tax increase was proposed but it was split between two years. This year the state is considering a property tax freeze which would prevent us from splitting it. Mayor Lee stated that we cannot spread the pain. We are not padding this; we cannot afford to split it. The City may have no flexibility.

Alderman Elston liked the suggestion of reviewing the utility tax on a regular basis. Bill Inks stated that if it is not in the ordinance, nothing assures the citizens that it will be reviewed. Alderman Martin stated that it can be reviewed annually with the tax levy. Jerry Ratajczak suggested it be incorporated as part of the ordinance so there is an accountability. Attorney Coplan stated that the Council can review and amend an ordinance at any time they choose.

Ed McCune asked if the Council would be committed to reviewing it. Alderman Martin assured the audience that he would be committed to reviewing the utility tax ordinance on an annual basis with the tax levy.

Voting on municipal utility tax for gas and electric: Ayes – Aldermen Conklin, Elston, Martin, Stauter, and Wilen. Nays – None. Motion carried.

Alderman Martin made a motion to approve **Ordinance #2015-15-19 setting out the 2015 Tax Levy for the City of Sterling in the amount of \$4,349,149;** seconded by Alderman Conklin. Voting: Ayes – Aldermen Conklin, Elston, Martin, Stauter, and Wilen. Nays – None. Motion carried.

Alderman Elston made a motion to approve **Resolution #R2015-12-31 Urging the General Assembly to Adopt Reforms to Police and Fire Pensions;** seconded by Alderman Wilen. Manager Shumard reported that the state cannot repeal pension benefits. Tier 2 has been established and employee contributions are governed by the state. Individual pension funds need money managers, attorneys, and actuaries, whereas a single fund would eliminate many expenses to local boards and spread the financial risk similar to an insurance pool. Manager Shumard stated these concerns for pension reform have nothing to do with the City's employees; it remains in the hands of state government. Voting: Ayes – Aldermen Conklin, Elston, Martin, Stauter, and Wilen. Nays – None. Motion carried. Mayor Lee read the resolution into the record.

Alderman Conklin was happy to be back after an accident on September 23. It has been a long haul but good to be back.

Mayor Lee reported he and Manger Shumard have continued meetings for the consolidated 911 center.

Mayor Lee wished everyone a Merry Christmas.

With no further business, the meeting adjourned at 8:03 pm.

Marie Rombouts
City Clerk