

MINUTES OF THE MAY 14, 2019 REGULAR MEETING OF THE MOUNT CARROLL CITY COUNCIL

Mr. Nick Wagner rang the bell to announce the start of the meeting. RINGING OF BELL
Mayor Carl Bates called the meeting to order at 7:30 p.m. CALL TO ORDER
Roll call: Mayor Carl Bates, present, Aldermen Paul Kaczmariski, present, ROLL CALL
Doug Bergren, present, Jeff Elliott, present, Mike Risko, present, Joe Grim, absent and Kevin Powers, absent.
Alderman Risko led the Pledge of Allegiance.
Pastor Rhett Simkins of the Living Water Fellowship gave the invocation.

Alderman Elliott moved and Alderman Risko seconded to approve MINUTES
the minutes of the April 30, 2019 regular meeting as presented. Roll call vote: Aldermen Kaczmariski, yes, Bergren, yes, Elliott, yes, Risko, yes, Powers and Grim, absent. Vote: 4 yeses, 0 noes, and 2 absent.
The motion was carried.

Alderman Kaczmariski moved and Alderman Elliott seconded to ACCOUNTS PAYABLE
authorize the payment of the accounts payable to date for the month of May 2019 as approved by the
finance committee. Roll call vote: Aldermen Bergren, yes, Elliott, yes, Risko, yes, Kaczmariski, yes, and
Grim and Powers, absent. Vote: 4 yeses, 0 noes and 2 absent. The motion was carried.

Mayor Bates reported that the bank account balances were FINANCIAL REPORT
totaling \$412,642.05 as of today.

Alderman Elliott reported of the May 14th streets committee meeting: COMMITTEES
STREETS
1. Superintendent Dauphin reported of the current work projects. Planning to do the street
painting weather permitting.
2. Discussed the financing quote from the Ford Motor Company for TRUCK FINANCING
the new one ton truck. Alderman Elliott moved and Alderman Kaczmariski seconded to
authorize the mayor to contact the local banks regarding a loan interest rate that could be
for the purchase of the new truck. Roll call vote: Aldermen Elliott, yes, Risko, yes, Kaczmariski,
yes, Bergren, yes, Powers and Grim, absent. Vote: 4 yeses, 0 noes, and 2 absent. The motion was
carried.
3. Alderman Elliott presented the streets committee recommendation HIRING SUMMER HELP
to hire Mr. Bob Irons, Roger Brashaw, and Hannah Knight for the street department summer
help staff. Roll call vote: Aldermen Risko, yes, Kaczmariski, yes, Bergren, yes, Elliott, yes,
Powers and Grim, absent. Roll call vote: 4 yeses, 0 noes, and 2 absent. The motion was carried.

Alderman Bergren reported of the May 14th police committee meeting: POLICE
1. Reviewed the monthly activity report for april 2019.
2. Alderman Bergren presented the police committee ON SOLVE AGREEMENT
recommendation to approve the service agreement with ON SOLVE, LLC for the CodeRED on-
demand notification service at a cost of \$1,500.00 (annual fee) to be paid from the City's civil
defense fund. Roll call vote: Aldermen Kaczmariski, yes, Bergren, yes, Elliott, yes, Risko, yes,
Grim and Powers, absent. Vote: 4 yeses, 0 noes, and 2 absent. The motion was carried.
3. Noted the new police squad was ordered and discussed the maintenance issues with the other
vehicles.
4. Alderman Bergren presented the police committee SQUAD EQUIPMENT
recommendation to authorize the chief to order the modem equipment needed for the squad

vehicles that would set up the internet wifi connections with a monthly fee of \$80.00 with Verizon. Roll call vote: Aldermen Bergren, yes, Elliott, yes, Risko, yes, Kaczmarski, yes, Powers and Grim, absent. Vote: 4 yeses, 0 noes, and 2 absent. The motion was carried.

Alderman Kaczmarski reported of the May 14th finance committee meeting: FINANCE

1. The bills were reviewed and approved.
2. Alderman Kaczmarski presented the finance committee PART TIME EMPLOYEE recommendation to hire Lynnette Forth to work part time in the city hall office for a temporary time period. Roll call vote: Aldermen Elliott, yes, Risko, yes, Kaczmarski, yes, Bergren, yes, Grim and Powers, absent. Vote: 4 yeses, 0 noes, and 2 absent. The motion was carried.
3. Alderman Kaczmarski presented the finance committee ADVERTISE FOR CITY HALL recommendation to authorize the clerk to advertise for applications to fill the position of deputy city clerk/treasurer. Roll call vote: Aldermen Risko, yes, Bergren, yes, Kaczmarski, yes, Elliott, yes, Powers and Grim, absent. Vote: 4 yeses, 0 noes, and 2 absent. The motion was carried.
4. Alderman Kaczmarski presented the finance committee MUSIC FOR ICE CREAM SOCIAL recommendation to approve the contribution of \$300.00 from the band fund to the Lutheran Church for the June 23rd ice cream social event. Roll call vote: Aldermen Bergren, yes, Elliott, yes, Risko, yes, Kaczmarski, yes, Grim and Powers, absent. Vote: 4 yeses, 0 noes, and 2 absent. The motion was carried.

Mayor Bates noted that the finance committee was not able to complete the agenda items for this evening at the committee time slot so the remaining finance committee agenda items would be handled at this time during the regular meeting.

Alderman Risko moved and Alderman Elliott seconded to approve the INTERFUND TRANSFER interfund transfer of \$13,000.00 from the City recreation fund to the City social security fund. Roll call vote: Aldermen Kaczmarski, yes, Bergren, yes, Elliott, yes, Risko, yes, Powers and Grim, absent. Vote: 4 yeses, 0 noes and 2 absent. The motion was carried.

Alderman Risko moved and Alderman Elliott seconded to approve the INTERFUND TRANSFER interfund transfer of \$13,000.00 from the City general fund to the City BDD fund. Roll call vote: Aldermen Bergren, yes, Elliott, yes, Risko, yes, Kaczmarski, yes, Grim and Powers, absent. Vote: 4 yeses, 0 noes, and 2 absent. The motion was carried.

Alderman Risko moved and Alderman Kaczmarski seconded to approve INTERFUND TRANSFER the interfund transfer of \$49,000.00 from the City water fund to the City bond & interst sinking fund. Roll call vote: Aldermen Elliott, yes, Risko, yes, Kaczmarski, yes, Bergren, yes, Powers and Grim, absent. The motion was carried.

Alderman Risko moved and Alderman Elliott seconded to approve the INTERFUND TRANSFER interfund transfer of \$51,000.00 from the City sewer fund to the City wastewater treatment plant improvement fund. Roll call vote: Aldermen Risko, yes, Kaczmarski, yes, Bergren, yes, Elliott, yes, Grim and Powers, absent. Vote: 4 yeses, 0 noes, and 2 absent. The motion was carried.

Alderman Risko reviewed that annual fiscal year revenues and expenses for 2018-2019.

Alderman Kevin Powers came into the council chamber at 7:43 p.m.

Alderman Risko reviewed the annual bank balances for the last fiscal year.

Alderman Grim came into the council chambers at 7:45 p.m.

Alderman Elliott moved and Alderman Grim seconded to approve the COMMUNITY HOUSE community house annual lease agreement as presented with the Living Water Fellowship. Roll call vote: Aldermen Kaczmarski, yes, Bergren, yes, Powers, yes, Elliott, yes, Risko, yes, and Grim, yes. Vote: 6 yeases and 0 noes. The motion was carried.

The next item on the agenda was the bid opening of April 25th for the TREATMENT PLANT BID wastewater treatment plant facility. Mr. Jason Miller and Nick Wagner were in attendance from MSA Professional Services to review the information about the three bids that were presented. A copy of the memo from the engineers and from Sharon Pepin, Community Funding & Planning Services are being added to the record of these minutes. After discussion Alderman Risko moved and Alderman Grim seconded to approve the lowest bidder for the project, Leander Construction, Inc. of Canton, IL at the bid amount of \$11,380,000 with contingency of \$250,000. Roll call vote: Aldermen Kaczmarski, yes, Bergren, here, Powers, yes, Elliott, yes, Risko, yes, and Grim, yes. Vote: 6 yeases and 0 noes. The motion was carried.

Alderman Risko moved and Alderman Elliott seconded to authorize NOTICE OF INTENT TO the mayor to sign the Notice of Intent to Award document for the AWARD Mount Carroll wastewater treatment facility and Center Street lift station project as presented by the engineers. Roll call vote: Aldermen Bergren, yes, Powers, yes, Elliott, yes, Risko, yes, Grim, yes, and Kaczmarski, yes. Vote: 6 yeases and 0 noes. The motion was carried.

Alderman Grim moved and Alderman Powers seconded to pass ORDINANCE NO. 2019-5-1 Ordinance No. 2019-5-1, AN ORDINANCE AUTHORIZING THE CITY OF MOUNT CARROLL, CARROLL COUNTY, ILLINOIS AMENDING ORDINANCE NO. 2018-8-3 REGARDING THE AUTHORIZATION TO BORROW FUNDS FROM THE WATER POLLUTION CONTROL LAONA PROGRAM. Roll call vote: Aldermen Powers, yes, Elliott, yes, Risko, yes, Grim, yes, Kaczmarski, yes, and Bergren, yes. Vote: 6 yeases and 0 noes. The ordinance was adopted by unanimous roll call vote.

Alderman Risko moved and Alderman Kaczmarski seconded to postpone WATER & SEWER RATES any action on the discussion reagrding the water and sewer rates. Roll call vote: Aldermen Elliott, yes, Risko, yes, Grim, yes, Kaczmarski, yes, Bergren, yes, and Powers, yes. Vote: 6 yeases and 0 noes. The motion was carried.

Alderman Elliott moved and Alderman Grim seconded to approve the CIVIL WAR REENACTORS payment of \$1,500.00 to the Battery G, 2nd Illinois Light Artillery for the civil war living history encampment at the Mount Carroll Mayfest 2019, May 24-26, 2019. Roll call vote: Aldermen Elliott, yes, Risko, yes, Grim, yes, Kaczmarski, yes, Bergren, yes, and Powers, yes. Vote: 6 yeases and 0 noes. The motion was carried.

Alderman Powers moved and Alderman Risko seconded to approve the RAFFLE LICENSE raffle license for the Mount Carroll Fire Department. Roll call vote: Aldermen Risko, yes, Grim, yes, Kaczmarski, yes, Bergren, yes, Powers, yes, and Elliott, yes. Vote: 6 yeases and 0 noes.

Alderman Grim moved and Alderman Risko seconded to approve the ANNUAL APPOINTMENTS annual appointments as presented by Mayor Bates. Roll call vote: Aldermen Grim, yes, Kaczmarski, yes, Bergren, no, Risko, yes, Powers, yes, and Elliott, yes. Vote: 5 yeases, 1 no and 0 absent. The motion was carried.

Alderman Grim moved and Alderman Kaczmarski seconded to hire POOL EMPLOYEES this summer season's pool employees as recommended by the Manager Stephanie Hughes: Natalie O'Connor, Daltin Coyer, Olivia Brinkmeier, Keeley Brinkmeier, Orion Sedivy, Claire Mitchell, Lily O'Connor, Abby Merema, Colton Ballard, Kylie Hill, Brock Dykema, and Jayden Forth. Assistant

managers to be Natalie O'Connor and Daltin Coyer. Roll call vote: Aldermen Grim, yes, Kaczmariski, yes, Bergren, yes, Powers, yes, Elliott, yes, and Risko, yes. Vote: 6 yeses and 0 noes. The motion was carried.

Alderman Risko moved and Alderman Grim seconded to pass ORDINANCE NO. 2019-5-2 Ordinance No. 2019-5-2, AN ORDINANCE INCREASING THE WASTEWATER TREATMENT PLANT IMPROVEMENT FEES. Roll call vote: Aldermen Kaczmariski, yes, Bergren, yes, Powers, no, Elliott, yes, Risko, yes, and Grim, yes. Vote: 5 yeses, 1 no and 0 absent. Ordinance No. 2019-5-2 was adopted by majority vote.

Alderman Grim reported of a proposed Eagle Scout Service Project SCOUT PROJECT for the council to review regarding the construction of a storage unit for use with the ice skating rink area at Point Rock Park. The project is being developed by Patrick Gable. There could be some equipment and supplies expense to the City and that was being determined yet as well. Alderman Grim noted that their discussion was that the shed might be able to be moved to the pool during the summer seasons for the same storage purpose. No action was taken at this time.

Under general audience Mr. Judson Smith, local resident, commented GENERAL AUDIENCE on the civil war reenactment, the Arbor Day tree planting, and the new sewer plant project. Ms. Linda Anderson commented that Point Rock Park looked great. Mr. Len Anderson commented about the Stone House renovation and that the car show event for Mayfest was on Sunday morning into the afternoon. Mr. Dan Kruse asked if there were plans for the City to conduct an updated income survey. Mayor Bates stated that there would need to be one done this year or next to keep the City up to date with the state grant programs. Alderman Powers and Mayor Bates commented about the special presentation of a Gold Star Families Plaque during the 4th of July events this year. Alderman Risko noted that the Mount Carroll Rotary was seeking some more workers for the Mayfest beer and wine garden tent.

Mayor Bates noted the following correspondence:

CORRESPONDENCE

1. Letter from the US Department of Justice Federal Bureau of Prisons regarding the next community relations board meeting
2. Letter from the Quad Cities Community Foundation regarding the Oak Hill Cemetery Endowment grant of \$1,200.00 for this year.

Alderman Grim moved and Alderman Elliott seconded to adjourn ADJOURNMENT the meeting. Roll call vote: Aldermen Kaczmariski, yes, Bergren, yes, Powers, yes, Risko, yes, Elliott, yes, and Grim, yes. Vote: 6 yeses, and 0 noes. Mayor Bates adjourned the meeting at 8:58 p.m.

The Mount Carroll City Council approved these minutes at the May 28, 2019 regular meeting.

Julie A. Cuckler
City Clerk & Collector



MSA Memo

To: City of Mount Carroll
From: Jason Miller, PE
Subject: April 25 Wastewater Treatment Facility bid results
Date: May 9, 2019

Bid opening for the Wastewater treatment facility improvement project occurred on Thursday April 25. Four bids were obtained; Attached you will find the bid tabulation for the project. The lowest bid was from Leander in the amount of \$11,380,000. The final estimate plus contingency for this project was \$10,340,000. This results in a project cost approximately 12% over the estimate for the project. A summary can be seen below:

	Estimate	Low Bid (Leander)	Difference
Construction cost	\$9,700,000.00	\$11,380,000.00	(\$1,680,000.00)
Contingency	\$640,000.00	\$250,000.00	\$390,000.00
Total	\$10,340,000.00	\$11,630,000.00	(\$1,290,000.00)

Attached you will also find a cost breakdown of the differences between the low bid and the estimate. In general there were three general categories that displayed significant differences between the estimate and the low bid.

- Bonds & Insurance, General Conditions, Overhead and Profit
- Mechanical Systems and Site utilities
- Electrical and Controls

Also attached for your reference is the bid tabulation from the Savanna wastewater treatment facility project bid in 2016.

MEMOMay 9, 2019

In review of the differences we have determined that the following issues played a major role in impacting the costs for the project in the approximate values listed below:

- 1) Contractor Profit** **\$500,000**
 - a. Historic contractor profit rates have been hovering around 4-5%, however the bids submitted included profit ranges of around 8-10%. This has a direct correlation with the amount of work that the contractors bidding have on their books and current state of the economy. Note that subcontractor profits are not part of this number as they would be part of the separate cost categories provided by the General Contractor.
- 2) Labor Rates** **\$590,000**
 - a. Rates to pay labor are established and mandated by the federal funding agencies. The labor rate information indicated increases of around 10 to 25%, depending on the skill set of the individual. This impact was most felt on the mechanical systems and Site utilities as well as electrical controls. Although 3-4% increase per year has historically been typical, increases of 5-10% per year have been observed as of late.
- 3) Tariffs/American Iron and Steel** **\$200,000**
 - a. The tariff program implemented by the Federal government (and the corresponding American Iron and Steel requirements) impacted the costs of equipment that were included in the project. This will also affect delivery times.

Based upon this information, we believe the city of Mount Carroll can implement one of the following courses of action.

- 1) Reject the bids, modify the design in some way and rebid
 - a. As can be seen from the above, the Labor Rate and Tariff categories are items that we believe are beyond your control. Therefore, proceeding with the re bid option would only be advisable if one is trying to capture costs associated with contractor profit. Further, should the council implement this alternative, redesigning some components within the Wastewater treatment plant should be implemented to further address cost concerns.
 - i. Some potential redesign options include:
 1. Revisiting the decision on construction of the EQ Basin out of concrete.
 2. Revisiting the decision on the number of garage bays
 3. Revisiting the decision on the construction of the roof.
- 2) Award the project to the low bidder.
 - a. Should the council implement this alternative, it is recommended that an evaluation of potential rates be implemented for the actual bid results.

CITY OF MOUNT CARROLL
WASTEWATER TREATMENT PLANT PROJECT
UPDATE – MAY 2019

PROJECT COST / LOAN DETAILS	ENGINEER'S ESTIMATE 11/2018	COSTS BASED UPON PROJECT BID SUBMITTED WITH TWO LOAN OPTIONS	
	25-YEAR IEPA LOAN	25-YEAR IEPA LOAN	30-YEAR IEPA LOAN
Total Estimated Project Costs	<u>\$12,015,000</u>	<u>\$13,305,000</u>	<u>\$13,305,000</u>
- Construction	\$10,340,000	\$11,630,000	\$11,630,000
- Engineering	1,620,000	1,620,000	1,620,000
- Legal Fees	5,000	5,000	5,000
- Administration	50,000	50,000	50,000
IEPA – 45% Principal Loan Forgiveness	(\$5,406,750)	(\$5,987,250)	(\$5,987,250)
Estimated Loan Amount	\$6,608,250	\$7,317,750	\$7,317,750
Loan Terms	25	25	30
Interest Rate	.80%	.80%	.80%
Annual Debt Service (P&I)	\$291,737	\$323,059	\$274,468
Total Interest Paid	\$709,148	\$785,287	\$942,314
Monthly Costs	\$24,311	\$26,922	\$22,872
Monthly Costs Per User (850 users)	\$28.60	\$31.67	\$26.91
If the City secured a \$14,000,000 max. loan, the monthly costs per user		\$33.33	\$28.31

IEPA = Illinois Environmental Protection Agency State Revolving Loan Program

The above table summarizes the engineer's estimate, along with two funding options (25 and 30-year loans) taking into consideration the actual low bid received.

The City has two options: 1) accept the low bid and proceed; and 2) rebid the project at a later date. Details associated with each option are listed below.

- 1) The City could accept the low bid. This would entail having to amend the authorizing loan ordinance (currently at \$12,000,000), and, depending upon the loan length, may have to readjust the debt service user rate increase. And IEPA may require another review of the financial impact.
 - An amended authorizing loan ordinance was prepared and has been approved by IEPA's legal counsel. A copy is provided for the City's consideration.
 - The City originally was looking at a 25-year loan. If the City authorized \$14,000,000 and secured a 30-year loan, the impact to the users doesn't really change (was \$28.60 per month, at 30-years it would be \$28.31 per month)



- 2) The City could decide to rebid the project this coming winter. I've had several conversations with the managers at IEPA confirming the City's loan terms for the next fiscal year (7/1/2020 is the start of IEPA's fiscal year).
- Effective July 1, the IEPA loan monies would be 'guaranteed' to be made available to the City, meaning you could go out for bid anytime after July 1 to June 30, 2020 and the loan monies are guaranteed for the City.
 - The City would still be eligible to receive the 45% in principal loan forgiveness. This is written into the water pollution control loan guidelines, and per the loan criteria, the City would still secure up to 45% in forgivable monies.
 - The interest rate will change in July – increased to 2.1%. However, the City will see a reduced rate as follows:
 - The City qualifies for the Small Community interest rate – which will be 75% of 2.1% or 1.58%
 - The City qualifies for the Financial Hardship rate – which is a fixed 1%. This is based upon the City's Median Household Income (MHI) being below 70% of the State's MHI.
 - Right now - City's MHI is \$42,404, State's is \$61,229 which is 69%
 - The City's MHI is up from last year – it was \$39,864
 - The City qualifies for the environmental reduction interest rate – which will be .20%
 - So – in total the City's interest rate should remain at .80%
 - The City would have to contact the local bank in regards to extending the loan terms.
 - **However**, should the City's MHI (as mentioned above) be greater than 70% of the State's MHI when the loan agreement is signed, the City will not secure the Financial Hardship interest rate.
 - The City's interest rate would then be the 1.58% (Small Community rate) minus the .20% (environmental rate) – for a total interest rate of 1.38%.
 - Using the existing bid numbers as an example, below are the two options at the 1.38% interest so the City can see its financial impact.

PROJECT COST / LOAN DETAILS	COSTS BASED UPON PROJECT BID SUBMITTED WITH TWO LOAN OPTIONS	
	25-YEAR IEPA LOAN	30-YEAR IEPA LOAN
Total Estimated Project Costs	\$13,305,000	\$13,305,000
IEPA – 45% Principal Loan Forgiveness	(\$5,987,250)	(\$5,987,250)
Estimated Loan Amount	\$7,317,750	\$7,317,750
Loan Terms	25	30
Interest Rate	1.38%	1.38%
Annual Debt Service (P&I)	\$346,390	\$298,177
Total Interest Paid	\$1,375,028	\$1,668,665
Monthly Costs	\$28,866	\$24,848
Monthly Costs Per User (850 users)	\$33.96	\$29.23
If the City secured a \$14,000,000 max. loan, the monthly costs per user	\$35.73	\$30.76

