

REGULAR MEETING OF THE LEXINGTON CITY COUNCIL**March 26, 2018****7:00 P. M.**

The regular meeting of the Lexington City Council was called to order at 7:00 P. M. by Mayor Spencer Johansen in the City Council Chambers at City Hall.

Mayor Johansen led the council in the Pledge of Allegiance.

Roll call was taken to find the following physically present: Mayor Johansen, Alderman Schreiber, Alderman Stover, Alderman Colclasure, Alderman Fosen and Alderwoman Wilson. Alderman Richard was absent. Members of the staff and public present were: David Belvery and Walker Adams.

It was moved by Alderwoman Wilson and seconded by Alderman Colclasure to approve the minutes of the March 12, 2018 regular City Council meeting. Motion carried unanimously.

It was moved by Alderman Fosen and seconded by Alderman Stover to approve the Treasurer's Report and pay bills in the amount of \$43,467.82. It was noted that this amount included a sales tax rebate to Barker Chevrolet of \$15,346.27 and Allied Waste payment of \$10,804.50 for garbage service. Motion carried unanimously.

Public Input: None

Old Business: **Discussion on new Storage Building for City/Surplus Buildings:**

Alderman Richard is still working on pricing for the building but we have no report on that tonight.

Discussion/Vote Closed Minute Review: Alderman Richard and Alderman Stover have been thru the closed minutes but Alderman Richard has all the information. This discussion was postponed to a later council meeting.

Budget Update: Alderman Fosen has met with department heads and committee chairs to start the budget process. He has put together streamlined spreadsheets to see what the numbers looked like. Also thought a little about how we are going to pay for the larger water plant payment, and whether or not it is time to start charging for the sewer plant, or at least part of it for Mike Beard's salary. He was able to accomplish both those things and keep both those funds in balance. The water fund will not balance if we pay \$100-\$200,000 to prepay down on the loan. Also thru an inspection of the water tower that we will need major maintenance in the next four or five years that could run a quarter million dollars and we need to prepare for that, especially watching the Water Fund balance. The General Fund is where the challenge lies. You have the tax receipts, some state money, some sales tax, and other major items. General expense are general administration, police and

animal control is another major expense, streets, non-motor fuel tax would be in that fund and EMS. Based on what we request and what we think might be coming in, we will be short unless we do some cuts. The City pays for one full time EMS. We would like to set aside on an annual basis a certain amount so when the maintenance comes we can add to our fund balances we can take on that dump truck payment and that squad car payment. We are looking at a negative going into the budget.

Mayor Johansen thought one of the biggest issues of the General Fund is health care. There was a large increase this year. He has gone through and made some cuts, took some things off the street department and there are more things we can take off before the budget meeting. He suggests section heads get together again to look at cuts before the April 7, 2018 budget meeting.

Alderman Fosen thinks that we will not get the General Fund to zero or break even this year, it may take a three year period to look at the revenue side and expense side. The challenge is not to bleed down the general fund, especially with a dump truck or back hoe. The General Fund income is \$800,000+ a year and he thinks we should keep a yearend balance around \$400,000.

Mayor Johansen stated that everything has gone up every year and we have not raised taxes or rates for several years.

Alderman Fosen reminded everyone that we have been abating the interest on the bond that was taken out four years ago. By comparison if the school district or park district had done a bond we would be paying that interest on our tax bill every year. The administration at that time decided to take that interest out of the public and decided to make that payment. The interest on the government bond is about \$50,000 a year and that is about the amount of the short fall, and runs for another ten or eleven years.

Over a three year period it may take as much as \$30,000 to balance the budget.

Alderman Fosen thinks our sales tax is creeping up but it is impossible to estimate how much is coming back due to the way the State figures it. Alderman Fosen talked about if we acquired a truck stop or major gas station out by the interstate it would raise our sales tax. We get 1% of sales tax to the General Fund, 5.75% goes to the state and we get 1%.

A truck stop would be a help but we need to look at reduction somewhere. A fairly big one is the bond. Alderman Fosen would like to go ahead and continue to abate the interest. A fair amount of the shortfall is a place marker for future turnover for squad cars, back hoe and dump trucks. These are things we need to keep in mind.

Mayor Johansen remarked that all departments are under budget at this time.

New Business: None

Committee Reports:

Mayor's Report: A letter was sent to Fred Morissette for failure to perform. He has until April 18, 2018 to respond.

There were two new building permits issued, one of them is in TIF District.

Old Upper Tap is still waiting on the confirmation on the business that is going in there.

We have got nothing back on the ICOPS contract.

Mayor Johansen and Chief Belvery attended a Mayor's meeting at which the Mayor of Washington, Illinois spoke. He spoke of how they prepared and how they handled the tornado that wiped out their town in 2016. Mayor Johansen found it a very informative meeting and came away with ideas for Lexington.

Police: None

Building/Insurance: Alderman Stover reported that things are working better on the health insurance side. The fund is coming down quickly and we will be out of that by next year and every one seems happy.

Finance/TIF: Star will not have the March numbers until April 5, 2018. This is the report that shows last year's budget, year to date, proposed budget and end of year balances. Alderman Fosen has already started on the spreadsheets.

Mayor Johansen stated that he had something started and will get something out to everyone for the morning of April 7, 2018 as well. It will give more detail for each department.

Water/Sewer/Sanitation: Alderwoman Wilson reported that they had had an Aquifer Committee meeting and decided to keep the existing ordinance. If the County gets a permit application they have asked them to notify the City of the application.

Street/Alley: None

There being no further business motion was made by Alderman Colclasure to adjourn at 7:20 P.M. Motion carried by unanimous voice vote.

Respectfully submitted,

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Pati Pease

City Clerk

Approved: April 23, 2018