

Finance Committee
September 8, 2020
6 p.m. - City Hall Council Chambers

Chairman Tom Ptak called the meeting to order at 6:01 p.m.

ROLL CALL:

Present: Chairman Ptak, Alderman Demes, Alderman Lavieri, Alderman Jeppson.

Absent: Alderman Herndon

Others present: Finance Director John Duncan, Alderman Crane, Alderman Reynolds, Deputy City Clerk Brent Bader, Treasurer Virginia Kochanowski.

A quorum was present.

The minutes of the Finance Committee held on August 24, 2020 were unanimously approved by the Committee after a motion from Alderman Demes and a second from Alderman Lavieri.

Alderman Jeppson questioned whether \$38,000 in landscaping fees was a result of the storm cleanup in August which they were.

Chairman Ptak asked Committee members if they had time to review a letter from Mayor Grove comparing salaries of mayors and aldermen in other communities which they had. Chairman Ptak proposed a \$5,000 raise for the Mayor position and a \$50 per pay period raise for Aldermen. In the Aldermen's case, this equates to a \$1,300 annual raise at \$200 per pay period over 26 pay periods. The raises won't take effect until the seats are refilled after an election. Alderman Demes said he didn't vote for a raise in the past and also won't this time. He asked Finance Director Duncan if the City can afford such a raise and Duncan said the proposed increases are "not a significant amount." While the aldermen are paid every pay period which usually includes two meeting dates, Alderman Lavieri said the responsibilities of Aldermen stretch beyond attending meetings. Alderman Bacidore noted other communities with fewer population as paying their City Council more. A rate of \$250 per pay period was also discussed but ultimately the Council chose to recommend a \$200 per-pay-period raise.

Duncan then explained that the City's S&P rating has dropped from a BBB- to a BB+ while the City's outlook improved from a negative outlook to a stable outlook, indicative that the City is less likely to be downgraded at a BB+ rating. Duncan said the S&P explained the downgrade was the result of their view of a sustained negative fund balance greater than 5% of expenditures in addition to other concerns such as their view of no plan to address a "structural imbalance driven by increasing pension and public safety costs." Duncan said the City is not contributing to the negative fund balance at a high rate and as bonds are retired over the next five years, it can begin to address the larger general fund deficit. The rating acknowledges that the City is stable at a BB+ rating as it has a robust cash flow and does not need to borrow to keep obligations. Additionally, they acknowledge the City could levy taxes to increase its cash flow but City Officials have chosen not to take that action due to already high taxes compared to nearby

communities. Duncan recommended the city “stay the course” and by not borrowing or going out to bond the City can address some of the issues raised by the rating in the future. “It’s not enough for us to hit the panic button,” Duncan said. “But it is significant, I don’t want to downplay it.”

The meeting was adjourned at 6:22 p.m.

A handwritten signature in cursive script, reading "Carrie Brown".

Carrie Brown, City Clerk by Deputy City Clerk Brent Bader