

**CITY OF URBANA
COMMITTEE OF THE WHOLE – Monday, January 28, 2019
CITY COUNCIL CHAMBERS - 400 SOUTH VINE STREET, URBANA, IL**

The City Council Committee of The Whole of the City of Urbana, Illinois, met in regular session Monday, January 28, 2019, in the Council Chambers of the Urbana City Building.

ELECTED OFFICIALS PHYSICALLY PRESENT: Bill Brown; Shirese Hursey; Eric Jakobsson; Dennis Roberts; Dean Hazen, Maryalice Wu; Charles A. Smyth; Diane Wolfe Marlin`

ELECTED OFFICIALS PRESENT VIA TELECONFERENCE: None

ELECTED OFFICIALS ABSENT: Jared Miller, Ward 7

STAFF PRESENT: Carol Mitten, Jim Simon, Elizabeth Hannan, Brad Bennett

OTHERS PRESENT: Tom Johnson; Joe Lightcap; Elderess Melinda Carr; News-Gazette

1. **Call to Order and Roll Call**

There being a quorum, Chair Dennis Roberts called the meeting of the Committee of the Whole to order at 7:00pm.

2. **Approval of Minutes of Previous Meeting**

City Council Member (CM) Hazen made a motion to approve the minutes from the meeting held on January 14, 2019. CM Wu seconded. Motion carried by unanimous voice vote.

3. **Additions to the Agenda**

There were no additions.

4. **Public Input**

Elderess Melinda Carr did not wish to speak, but asked that her concerns about the Dr. Ellis Subdivision sewer problems, equity, and historic impact be entered into the record.

5. **Presentations**

There were none.

6. **Staff Report**

Finance Director Elizabeth Hannan and Mr. Joe Lightcap of Baker Tilly Virchow Krause, LLP presented the annual audit for the Fiscal Year ending June 30, 2018. Ms. Hannan introduced Mr. Lightcap. She noted that the audit reports are done on a different accounting basis (modified accrual) than other reports (cash basis) and that smaller funds are combined in different ways for the Comprehensive Annual Financial Report (CAFR).

Mr. Lightcap indicated that he would go over 3 reports. He began with the CAFR which he described as more comprehensive and is a good resource for previous year's finances. Starting with the Independent Auditors report page 1 as a statement from the auditors, he noted that they issued a clean opinion. He pointed out that because retirees are included in the city's health insurance, there is a cost to the plan. These costs have to be included and required a restatement of the previous year. He proceeded through various tabs in the report noting the high level report from management, the basic financial statements which include capital assets as well as the accounts of the library, various liabilities including pensions and IMRF, and the income statement for all funds. The change in net position is described.

On page 24-25, are expenditures and revenues by fund. These schedules have only short-term receivables and payables. The Fund Balance indicates about five months in reserve, up a month from last year. Mr. Lightcap proceeded with some general balances and amounts in various funds as listed, such as Parking and Internal Services. Information on pension funds follows and financial notes are on pages 35-36. The last item in the report is the required supplementary

information on p 87-88 which compares actual to budgeted amounts by various categories. IMRF, Police, and Fire Pension liabilities are on page 91. IMRF is at \$2.1M down from \$8.4M the prior year, largely due to investment earnings as measured on 12/31/2017. The police pension fund on pages 93-94 shows net liability up a bit from the previous year and the Fire Pension liability down a bit.

CM Hazen asked about the difference in funding between fire and police pension noting the disparities in funding levels. Ms. Hannan noted that there are differences in actuarial calculations and assumptions between the two and that the Police Pension fund returns are not as good as the Fire Pension fund.

Mr. Lightcap then proceeded to the Communication Management Letter. Page 1 discusses internal controls and possible material deficiencies. He noted that even with the change in the financial management software by the city, the audit has to comment on the full year so the current comments are similar to last year. He noted that with the new package many of these are addressed by management and expects many to go away next year. He noted past compensating controls for these deficiencies but the new general ledger package has many of these built in. Starting page nine is a discussion of the financial changes and upcoming changes in Accounting Standards. The last section of this report is the required letter of the auditor. This letter goes over any disagreement with management and there were none. CM Roberts noted the changes in financial management software but asked about the payroll management issue raised in the comments. Mr. Lightcap noted that in small staff sizes it is hard to get good separation of duties, but there have been good checks and balances in the past with overarching controls. Ms. Hannan gave an example of the old payroll system versus the new procedure under the new MUNIS financial system where HR manages pay rates, not the person in payroll making payments. There are also many places in the new system for approvals, adding to checks and balances.

The third report was the audit of Federal Grant and there were no findings there.

CM Wu asked staff about the differences in city contributions to police and fire pension funds which show a downward trend across several years. Ms. Hannan reviewed the historical decisions on pension contributions and the timing of property tax receipts to balance past budgets. The underfunding of the pensions was noted and with the new city policy will no longer occur. CM Hazen asked about how money is allocated to each pension. Ms. Hansen noted that there are many factors including investments, actuarial assumptions, retirement timing, and so on in calculating the amount needed.

CM Brown commented on the CAFR noting facts and figures, the broader overview, and narratives. He noted that under major initiatives that there were 48 Enterprise zone projects resulting in 230 residential units. This year has had multifamily developments. He expressed concern that the ordinance related to Enterprise zones focused on single family and duplexes with infill development but the incentives seems to be for multifamily. He doesn't see anything in the ordinance relating to multifamily except for mixed use and would like a review of the ordinance to see if there are technical corrections needed to get it back to the intention for which it was passed. He indicated that he thought it a replacement for the Build Urbana program so he would like to know why it is being applied to multifamily and we would get it back to its original intent. City Administrator Mitten asked for clarification of scope noting that revisiting an overhaul would be a large undertaking but clarifications and understanding intent would be relatively easy. CM Brown said that he was looking for technical adjustments and to clarify rules to align with original intent. He then read the rules from the ordinance pertaining to application of the incentive. He will work with Ms. Mitten to clarify his request.

7. [Ordinance No. 2019-01-012](#): An Ordinance Vacating Portions of Certain Streets (Orchard Street between Church Street and University Avenue and Park Street between Orchard Street and McCullough Street)

Interim Co-City Engineer Brad Bennett presented the staff memo concerning a request to vacate portions of N. Orchard Street and W. Park Street adjacent to Carle Foundation Hospital by representatives of Carle Hospital. He noted that this was originally proposed to be vacated in 1992-93 and reviewed the history resulting in the tabling of this action. In 1995, a development agreement with Carle closed these sections of roads for use as a pedestrian mall and so has not been part of the city street system. Staff has revisited this agreement, performed all due diligence, and proposes vacation of the sections of affected street. The city is to be paid the fair market value when non-residential properties are involved. The property appraised at \$500,000. Carle's board approved this settlement, proper notice and hearing has been done with public hearing on January 7, 2019. Tom Johnson, Facilities Director at Carle, was available to answer questions.

CM Hursey asked for clarification of the areas being vacated noting that a section of Orchard is blocked on one side and if we are officially vacating that section. Mr. Bennett noted that no changes in configuration are proposed. Mr. Johnson, in reply to CM Hursey noted that they are trying to create a single point of entry to the hospital at the current breezeway entrance with a circle turnaround and a focused visitor service and that the services at the other entrance will move to this new expanded space. The breezeway entrance will become the main entrance while the Orchard entrance will re-purposed and become more patient services. Mr. Bennett noted that there will be continued easements for existing utilities. Ms. Wu asked where this unexpected income will be used to which Ms. Mitten stated that MCORE Phase 5 is expected to be underfunded so this money will be used for that shortfall. Mayor Marlin noted that there is already an estimated \$550K underfunding and more expected as part of Phase 5.

With no further discussion CM Wu moved that Resolution 2019-01-012R be sent to council with a recommendation for approval. CM Brown seconded the motion and it was approved by unanimous voice vote. Mr. Bennett thanked Legal and Community Development for their help with the ordinance.

8. **Resolution No. 2019-01-002R**: A Resolution Regarding the Release of Certain Closed Session Meeting Minutes and Approving the Destruction of Certain Verbatim Records of Closed Session Meetings (for the period ending January 31, 2019)

City Clerk Smyth presented the twice-yearly Resolution concerning closed minutes. Mr. Smyth indicated that the addition of last week's closed session would be added to the bottom of Schedule B. Mr. Jakobsson noted how the minutes are discussed in closed session and Mr. Simon summarized the requirements of how final action is taken only in open session. With no further discussion CM Jakobsson moved that Resolution 2019-01-002R be sent to council with a recommendation for approval. CM Hursey seconded the motion and it was approved by unanimous voice vote.

9. **Adjournment**

With no further business before the committee, Chair Hazen adjourned the meeting at 7:50 pm.

Charles A. Smyth
City Clerk

This meeting was video recorded with website link (viewable on demand):
<https://www.urbanillinois.us/node/7547>

This meeting was broadcast on cable television (UPTV) and streamed live:
<http://urbanillinois.us/upty>

Minutes Approved: February 25, 2019