

REGULAR MEETING
Litchfield City Council - City Council Room
January 17, 2017 - 6:30 PM

Mayor Smith called the meeting to order at 6:30 PM.

Roll Call: Present – Mayor Ed Smith, Councilpersons – OR Smith, Jessica Bills, Andy Reynolds and Don Bannick.

Absent: Councilmember's: Rick Siebert and Dan Efstathiou

Motion made by Councilman Smith to excuse the absences of Councilmember's Dan Efstathiou and Rick Siebert, seconded by Councilwoman Bills. Motion Carried.

Also Present – City Manager - Douglas Terry, Treasurer - Jill Barrett, Clerk- Susan Ballinger, Chief-Dan Roberts, Deputy Clerk – Lauren Skelly, DPW Supervisor-Tony Langhann, Mr. Clark, Mike Warner-Homer Index, Plant Engineer Mike Hart and Vice President Eric Quist- Speedrack Products.

Consent Agenda – Councilman Bannick moved to approve the consent agenda as presented, seconded by Councilman Reynolds. Motion carried.

Call to the Public – None

Public Hearing – IFT Speedrack Products Group – Mayor Smith opened the public hearing at 6:30 p.m. to any comments or concerns regarding Speedrack's Rehabilitation District request and their IFT Certificate request. Manager Terry updated the board on Speedrack's expansion plans. Councilman Smith asked how long this request would be for. Manger Terry stated 12 years. Treasurer Barrett stated that this request is the city's first real property rehab request and this is why there is no district. The district must be created for whatever property the council desires to rehab and in this case it will freeze the value of the property as it is now. The taxes will be based on that value and as Speedrack improves the property they won't pay taxes on the improved value until after the rehab IFT expires. With no questions or concerns Mayor Smith closed the public hearing at 6:34 p.m.

Resolution 2017-01- Establish a Rehabilitation District at 4 Industrial Drive – Councilman Bannick moved to adopt Resolution 2017-01 as presented, seconded by Councilman Smith. Motion Carried.

Resolution 2017-02-IFT Speedrack Products Group –Real Property – Councilman Bannick moved to adopt Resolution 2017-02, seconded by Councilwoman Bills. Motion Carried.

Speedrack's Vice President, Eric Quist stated that the plans are to install a state of the art paint line and it should be ready mid to late April and that they will employ about 20 people by the end of April or early May. Robotics and Welding will come later in the year.

Resolution 2017-03-MDOT Annual Performance Contract – Councilman Smith moved to adopt Resolution 2017-03, seconded by Councilman Reynolds. Motion Carried.

Resolution 2017-04 2017- March Board of Review Meeting Dates- Councilwoman Bills moved to adopt Resolution 2017-04, seconded by Councilman Smith. Motion Carried.

Resolution 2017-05- Establishing 2017 Poverty Exemption Guidelines –Councilman Reynolds moved to adopt Resolution 2017-05, seconded by Councilman Smith. Motion Carried.

Resolution 2017-06 – 2016-2017 Budget Amendments - Councilman Bannick moved to adopt Resolution 2017-06, seconded by Councilwoman Bills. Motion Carried.

Bills for Approval – Councilman Bannick moved to pay the bills as presented in the amount of \$41,800.54 seconded by Councilman Reynolds. Motion Carried.

Police Report – Councilman Reynolds moved to accept the police report as presented and place on file, seconded by Councilwoman Bills. Motion carried.

Public Works Report – DPW Supervisor Tony Langhann stated that today was the city's monthly bacteria sampling. Mark went to start up well #5 and the motor died on it. The motor was installed in 1973 and there has been some annual maintenance done on it, but it hasn't been rebuilt since then. Tony stated that he hasn't received a price to fix it yet but he just wanted the board to know this is something that must be fixed.

Tony also stated that they have been having trouble with the communication line from the tower to the wells too, and Terry Wade has helped but said that the lines need to be updated.

Councilwoman Bills moved to accept the public works report as presented and place on file, seconded by Councilman Smith. Motion carried.

Treasurers Update – Treasurer Barrett informed the board about changes from the Department of Treasury and the city's current tax roll. The letter in the board's packet stating the IFT for Metaldyne is revoked on the personal property. Treasurer Barrett stated this was the only other Rehab IFT the city had and it belonged to Metaldyne for equipment and since Metaldyne was granted the IFT the personal property laws has changed and Metaldyne realized that they had made a mistake by having this IFT because Metaldyne was paying more by having this Rehab IFT. The reason is that Metaldyne froze their value at a high value and regardless of the law changes Metaldyne is still paying on the high value, when the law said they could have included it in their "Eligible Manufacturer Property Exemption." Metaldyne did not like their IFT because their taxable value was more than their assessed value, usually the taxable value is equal to your assessed and with equipment it usually is, but when you freeze a value no matter what the equipment is worth or what is valued at with depreciation. The equipment value is still frozen at whatever the IFT was for. So Metaldyne was paying more on the equipment then they would have if they would have never applied for the Rehab IFT on equipment to begin with. So that was Metaldyne's main reason asking the IFT to be revoked and it was.

Treasurer Barrett also informed the board that she had recorded that the city had collected most all of the outstanding taxes for personal property. The State has changed the city's tax rolls for 2016 and 2015 and has placed personal property on the tax roll that wasn't previously there. The Eligible Manufacturer Property Exemption requires the businesses to pay the State and its part of their total tax package. But there were two businesses (one business that is out of business) that did not. One of which is Gonzalez Group that hired a third party to come in and liquidate their assets and Treasurer Barrett let them take all the equipment out because they had paid all their tax bills and they called to be sure that they could go ahead and sell the equipment and Treasurer Barrett told them yes, because it was the case at that time. Then on December 1, 2016 which is when the letter from the state was received by the Treasurer's office Gonzalez Group has a liability that exceeded the amount she had estimated that Gonzalez would owe the city. Treasurer Barrett stated that she originally estimated 10% above of what she thought would be owed to the city. The consulting firm that was liquidating Gonzalez's assets contacted Treasurer Barrett last Friday. Treasurer Barrett sent a bill to both Gonzalez Group and the firm that was liquidating the assets for Gonzalez Group trying to give them a heads up. Because what will happen is if they don't pay this bill the treasurer is obligated by law to find the equipment and take it back and sell it to satisfy the taxes. Now, that sounds absurd but it is a lean on the property no matter where the equipment is, even if the equipment is out of state. Nobody wants that to happen so the company that is liquidating the assets is going to try and talk to the bank. There was also one other company in Litchfield that it also happened to that I already have trouble collecting from. Mayor Smith asked what the amount was for Gonzalez. Treasurer Barrett stated around \$20,000.00 and there is still one more company as well.

Treasurer Barrett also wanted the board to know the quarterly financial statements are in the packets and the city is doing a little better in some areas than what we thought we would be at this time of year. In other areas we have spent a little more than what she expected at this time of the year. But it's only half way through the fiscal year and a too early to say where the city will end up at the end, but Treasurer Barrett stated she is not concerned about anything.

City Manager's Update – Manager Terry informed the board that he and Mayor Smith will be attending a closing on the Hi-Lex project tomorrow. So as soon as Hi-Lex takes possession of the property they will be breaking ground. It's Manager Terry's understanding that there has been a lot of contractor's get in touch over different components of the project.

Correspondence – None

Committee Reports – None

Councilpersons Concerns – None

Adjournment – Councilman Bannick moved to adjourn at 6:54 p.m., seconded by Councilman Smith. Motion carried.

