

The Rock Island City Council met in Study Session at 6:00 pm in City Council Chambers at Rock Island City Hall. Present were Mayor Dennis E. Pauley presiding, and Aldermen Charles O. Austin III, Terry M.A. Brooks I, David Conroy, P.J. Foley and Stephen L. Tollenaer. Also present were City Manager Thomas Thomas, Finance Director Cynthia Parchert, other City staff and City Attorney Ted Kutsunis. Alderman Jason W. Jones arrived at 6:10 pm. Alderwoman Joy Murphy was absent.

DISCUSSION ON DEPRECIATION RULES

Finance Director Cynthia Parchert explained the basics as it related to depreciation, amortization and fixed assets. Ms. Parchert indicated that depreciation and amortization apply to capital assets, which are assets that are used in operations and have an initial useful life in excess of one year. It was noted that capital assets are classified as either tangible assets (land, buildings, vehicles, machinery, works of art, etc.) or intangible assets (easements, software and water rights). Ms. Parchert advised that not all capital assets are created equal. Ms. Parchert commented that assets acquired for the purpose of sale or investment do not qualify as capital assets regardless of their form because they are not used in operations. Ms. Parchert explained that with capital assets, tangible assets are depreciated and intangible assets are amortized.

Ms. Parchert pointed out that any capital asset with a limited useful life that is not accounted for using the modified approach must be depreciated or amortized. It was noted that depreciation and amortization is a way to use the asset and charge it against the periods it is used in. Ms. Parchert further discussed depreciation as it related to tangible assets and amortization as it related to intangible assets.

Ms. Parchert indicated that the cost to acquire, construct or improve a capital asset is not recognized as an expense when incurred or paid; it is deferred and allocated over the useful life in the form of depreciation expense (tangible capital assets) or amortization expense (intangible capital assets). Ms. Parchert and Council further discussed constructed capital assets.

Ms. Parchert stated that capitalization is optional in three instances. The first case would be where infrastructure assets were acquired in the fiscal years that ended prior to July 1, 1980 and are not capitalized. Ms. Parchert indicated that the second instance includes collections of works of art, historical treasures and similar items that are not capitalized, but they are subject to three conditions that include; the purpose of the collection is for display or research; the collection is being adequately maintained; and there is a policy that requires proceeds from the sale of collection items to be used to acquire other collection items. Ms. Parchert advised that the third option is that only expenditures that exceed a predetermined amount normally are capitalized. It was noted that for the City of Rock Island, the established limit is \$10,000.00.

Ms. Parchert offered that there are situations when assets are capitalized, but depreciation or amortization is not recognized; these situations include capital assets with indefinite useful lives such as land or historical treasures, infrastructure, such as highways, provided certain conditions are met, and construction in progress in which depreciation expense is not recognized until the asset is placed into service and then provides a benefit.

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**April 1, 2013
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Ms. Parchert and Council further discussed these situations in which assets are capitalized, but depreciation and amortization are not recognized. Ms. Parchert discussed depreciation and amortization as it related to calculations. Ms. Parchert stated that useful life is based upon historical experience and the City has established lives for certain asset classes, which are outlined in the City's financial policy. Ms. Parchert pointed out that the City does not capitalize unless an item is \$10,000.00 or more per item and has a useful life of more than three years. Ms. Parchert further discussed the City's financial policy as it related to capital assets.

Ms. Parchert discussed amortization as it related to the equipment maintenance fund, which is an internal service fund. Ms. Parchert pointed out that the equipment maintenance fund provides for the maintenance, repair and purchase of vehicles used in the operation of City services. It was noted that revenue comes from rental charges on the vehicles and service fees for repair and maintenance. Ms. Parchert noted that rental charges have been erroneously referred to as amortization, which is not really what it is; it is actually leasing. Ms. Parchert further discussed leasing as it related to building cash reserves to replace vehicles in future years. Ms. Parchert indicated that the City has five internal service funds, which include; the equipment maintenance fund, engineering fund, self-insurance fund, employee health fund and the hydroelectric-plant fund. Council and Ms. Parchert further discussed the internal service funds.

Council discussed various accounting standards and practices as it related to depreciation. Alderman Conroy requested more information on depreciation as it related to the Parks Department from a budget standpoint. Council further discussed Ms. Parchert's presentation.

ADJOURNMENT

A motion made by Alderman Foley and seconded by Alderman Jones to adjourn the meeting carried by the following Aye and No vote. Those voting Aye being; Alderman Austin, Alderman Brooks, Alderman Conroy, Alderman Foley, Alderman Tollenaer and Alderman Jones; those voting No, none. The meeting was adjourned at 6:40 pm.

Aleisha L. Patchin, City Clerk

**CITY OF ROCK ISLAND
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**April 1, 2013
MINUTES**

Rock Island City Council met in regular session at 6:45 pm in Council Chambers of Rock Island City Hall. Present were Mayor Dennis E. Pauley presiding, and Aldermen, Charles O. Austin III, Terry M.A. Brooks I, David Conroy, P.J. Foley, Stephen L. Tollenaer and Jason W. Jones. Also present were City Manager Thomas Thomas and City Attorney Ted Kutsunis. Alderwoman Joy Murphy was absent.

Introductory Proceedings

Mayor Pauley called the meeting to order and led in the Pledge of Allegiance. Alderman Austin gave the Invocation.

Agenda Item #5

Minutes of the meeting of March 18, 2013.

A motion was made by Alderman Foley and seconded by Alderman Jones to approve the minutes of the meeting of March 18, 2013 as printed. The motion carried by the following Aye and No vote; those voting Aye being; Alderman Austin, Alderman Brooks, Alderman Conroy, Alderman Foley, Alderman Tollenaer and Alderman Jones; those voting No, none.

Agenda Item #6

Update Rock Island by Mayor Pauley.

Mayor Pauley advised that a ribbon cutting is scheduled for Digital Domination on Thursday, April 4, 2013 at 4:00 pm to celebrate their first retail location in the VanDerGinst Building located in downtown Rock Island. The Mayor added that Digital Domination located at 111 17th Street specializes in computer repair offering virus removal, tune-ups, system recovery, PC/Mac backups, network setup, website design and development, internet security courses and more. Mayor Pauley stated that Digital Domination's hours are Monday through Friday from 9:30 am to 7:30 pm and Saturday and Sunday from 10:00 am to 2:30 pm. It was noted that for more information, call (866) 334-3094 or visit www.digitaldominationrepair.com.

Mayor Pauley stated that the City of Rock Island is providing free leaf collection for its residential refuse customers from Monday, April 8 through Friday, April 26, 2013. In addition to providing free leaf collection, the City will also furnish bags for this program at no cost. The Mayor added that the free bags will be available beginning Monday, April 1st. In order to insure that everyone has an opportunity to receive free leaf bags, residents will only be given a maximum of 20 bags per day. Mayor Pauley indicated that residents must provide proof of Rock Island residence through a photo ID or official mail in order to receive free bags. It was noted that to find out locations, times and more information, go to www.rigov.org.

Mayor Pauley advised that Rock Island Parks and Recreation will accept picnic shelter reservations for the 2013 season beginning Monday, April 1st. It was noted that reservations can be made over the phone or in person at the park office at the Rock Island Fitness & Activity Center at 4303 24th Street. Mayor Pauley commented that reserving a shelter is first come, first serve and payment is required at the time of reservation. It was noted to call the Rock Island Park

Office at (309) 732-PARK for more information.

Mayor Pauley advised that Tuesday, April 9, 2013 is the Consolidated General Election. Please remember to get out and vote. The Mayor added that voting is your right and responsibility. Mayor Pauley stated that the polls will be open from 6:00 am until 7:00 pm. Early voting is available until April 6, 2013 at 12:00 pm. It was noted that for more information about early voting or voting locations, contact the Rock Island County Clerk Election Department at (309) 558-3571 or go to www.rockislandcounty.org.

Agenda Item #7

Proclamation declaring April, 2013 as Fair Housing Month.

Mayor Pauley read the proclamation. Mr. Kai Swanson accepted the proclamation and thanked the Mayor and Council for the proclamation. Mr. Swanson introduced several members of the Rock Island Human Rights Commission, which included Anne Dickey and Lauren Lofton. Mr. Swanson advised that a forum on Fair Housing will be held at 2:00 pm on April 14th at the Martin Luther King Center.

Agenda Item #8

Proclamation declaring April, 2013 as Sarcoidosis Awareness Month.

Mayor Pauley read the proclamation. Carol Miller accepted the proclamation and thanked the Mayor and Council for the proclamation. Ms. Miller stated that Sarcoidosis is a disease that does not discriminate. Ms. Miller advised that it is her mission to promote awareness about this disease.

Agenda Item #9

CLAIMS

It was moved by Alderman Austin and seconded by Alderman Conroy to accept the following reports and authorize payments as recommended. The motion carried by the following Aye and No vote; those voting Aye being; Alderman Austin, Alderman Brooks, Alderman Conroy, Alderman Foley, Alderman Tollenaer and Alderman Jones; those voting No, none.

- a. Report from the Human Resources Department regarding payment in the amount of \$12,803.64 to Pappas, O'Connor and Fildes, PC for legal services rendered for the month of January 2013.
- b. Report from the Human Resources Department regarding payment in the amount of \$16,643.00 to Justin Anderson for General Liability claim.
- c. Report from the Human Resources Department regarding payment in the amount of \$83,529.87 to Brandon Foley for General Liability claim.
- d. Report from the Human Resources Department regarding payment in the amount of \$17,654.61 to Kutsunis and Weng P.C. for legal services rendered for the month of

March 2013.

Agenda Item #10

Claims for the week of March 15 through March 21 in the amount of \$435,005.89.

Alderman Conroy moved and Alderman Foley seconded to allow the claims. The motion carried by the following Aye and No vote; those voting Aye being; Alderman Austin, Alderman Brooks, Alderman Conroy, Alderman Foley, Alderman Tollenaer and Alderman Jones; those voting No, none.

Agenda Item #11

Payroll for the weeks of March 4 through March 17 in the amount of \$1,344,967.90.

Alderman Austin moved and Alderman Foley seconded to allow the payroll. The motion carried by the following Aye and No vote; those voting Aye being; Alderman Austin, Alderman Brooks, Alderman Conroy, Alderman Foley, Alderman Tollenaer and Alderman Jones; those voting No, none.

Agenda Item #12

Report from the Public Works Department regarding bids for the 2013 50/50 Sidewalk and Curb Replacement Program, recommending the bid be awarded to A.J. Excavating in the amount of \$44,155.00.

It was moved by Alderman Jones and seconded by Alderman Austin to award the bid as recommended and authorize the City Manager to execute the contract documents. The motion carried by the following Aye and No vote; those voting Aye being; Alderman Austin, Alderman Brooks, Alderman Conroy, Alderman Foley, Alderman Tollenaer and Alderman Jones; those voting No, none.

Agenda Item #13

Report from the Public Works Department regarding bids for the 2013 Sod Replacement and 50/50 Tree Program, recommending the bid be awarded to Greenscape Associates in the amount of \$40,952.00.

Alderman Foley moved and Alderman Conroy seconded to award the bid as recommended and authorize the City Manager to execute the contract documents. The motion carried by the following Aye and No vote; those voting Aye being; Alderman Austin, Alderman Brooks, Alderman Conroy, Alderman Foley, Alderman Tollenaer and Alderman Jones; those voting No, none.

Agenda Item #14

Report from the Public Works Department regarding bids for the 6th Avenue Reconstruction: 31st Street to 32nd Street project, recommending the bid be awarded to Walter D. Laud, Inc. in the amount of \$218,480.89.

It was moved by Alderman Foley and seconded by Alderman Jones to award the bid as recommended and authorize the City Manager to execute the contract documents. The motion carried by the following Aye and No vote; those voting Aye being; Alderman Austin, Alderman Brooks, Alderman Conroy, Alderman Foley, Alderman Tollenaer and Alderman Jones; those voting No, none.

Agenda Item #15

Report from the Community and Economic Development Department regarding bids for the demolition of 10 residential properties, recommending the bid be awarded to Lester Construction, Inc. in the amount of \$142,924.00.

Alderman Conroy moved and Alderman Tollenaer seconded to award the bid as recommended and authorize the City Manager to execute the contract documents. The motion carried by the following Aye and No vote; those voting Aye being; Alderman Austin, Alderman Brooks, Alderman Conroy, Alderman Foley, Alderman Tollenaer and Alderman Jones; those voting No, none.

Agenda Item #16

Report from the Community and Economic Development Department regarding bids for the NESHAPS (asbestos) investigation of four residential and 10 commercial properties in the Watchtower Plaza area, recommending the bid be awarded to EnviroNET, Inc. in the total amount of \$10,860.00.

It was moved by Alderman Foley and seconded by Alderman Conroy to award the bid as recommended and authorize the City Manager to execute the contract documents. The motion carried by the following Aye and No vote; those voting Aye being; Alderman Austin, Alderman Brooks, Alderman Conroy, Alderman Foley, Alderman Tollenaer and Alderman Jones; those voting No, none.

Agenda Item #17

Report from the Human Resources Department regarding a contract for health consultant services with Holmes-Murphy (Jeff Scarpinato) for a three year period (April 1, 2013 to March 31, 2016) in the amount of \$59,500.00.

Alderman Foley moved and Alderman Conroy seconded to approve the agreement as recommended and authorize the City Manager to execute the contract documents. The motion carried by the following Aye and No vote; those voting Aye being; Alderman Austin, Alderman Brooks, Alderman Conroy, Alderman Foley, Alderman Tollenaer and Alderman Jones; those voting No, none.

Agenda Item #18

Report from the Public Works Department regarding the 2013 Mudjacking Program contract, recommending to extend the maintenance contract with Kelly Construction in order to perform the required maintenance.

It was moved by Alderman Conroy and seconded by Alderman Foley to approve the extension as recommended. The motion carried by the following Aye and No vote; those voting Aye being; Alderman Austin, Alderman Brooks, Alderman Conroy, Alderman Foley, Alderman Tollenaer and Alderman Jones; those voting No, none.

Agenda Item #19

Report from the Public Works Department regarding a request for proposals from consulting firms to provide field inspection services and pavement management system updates for the City's pavement network, recommending the selection of Engineering & Research International, Inc. (ERI).

Alderman Conroy moved and Alderman Brooks seconded to approve the selection of ERI as recommended and authorize the Public Works Department to negotiate a service agreement.

Discussion followed. Alderman Conroy inquired upon Interim Public Works Director Randy Tweet to explain this item. Mr. Tweet advised that every five years, a pavement analysis of all streets is done; they are appraised on a scale of zero to one hundred.

Alderman Conroy clarified that this is something that has been done in the past. Mr. Tweet stated yes; this is just a different company.

After more discussion, the motion carried by the following Aye and No vote; those voting Aye being; Alderman Austin, Alderman Brooks, Alderman Conroy, Alderman Foley, Alderman Tollenaer and Alderman Jones; those voting No, none.

Agenda Item #20

Report from the Public Works Department regarding three Motor Fuel Tax Audit Resolutions for the projects as stated in the report.

It was moved by Alderman Austin and seconded by Alderman Jones to adopt the resolutions as recommended, authorize the City Clerk to provide signed and sealed copies to the City Engineer and authorize the City Engineer to file the resolutions with the Illinois Department of Transportation. The motion carried by the following Aye and No vote; those voting Aye being; Alderman Austin, Alderman Brooks, Alderman Conroy, Alderman Foley, Alderman Tollenaer and Alderman Jones; those voting No, none.

Agenda Item #21

Report from the Public Works Department regarding a Resolution appropriating \$1,112,335.00 of Motor Fuel Tax funds for street maintenance.

Alderman Foley moved and Alderman Conroy seconded to adopt the resolution. The motion carried by the following Aye and No vote; those voting Aye being; Alderman Austin, Alderman Brooks, Alderman Conroy, Alderman Foley, Alderman Tollenaer and Alderman Jones; those voting No, none.

Agenda Item #22

Report from the Mayor regarding an appointment to the Beautification Commission.

It was moved by Alderman Conroy and seconded by Alderman Foley to approve the appointment as recommended. The motion carried by the following Aye and No vote; those voting Aye being; Alderman Austin, Alderman Brooks, Alderman Conroy, Alderman Foley, Alderman Tollenaer and Alderman Jones; those voting No, none.

Mr. Todd Linscott was appointed to the Beautification Commission with a term to expire on June 30, 2016.

Agenda Item #23

Report from the Police Department regarding a request for a road closure at 7th Avenue from 35th to 38th Street on May 23, 2013 from 8:00 am to 1:00 pm for Augustana College to conduct a joint training exercise that includes emergency responders from throughout the Quad Cities area.

Alderman Tollenaer moved and Alderman Foley seconded to approve the request as recommended. The motion carried by the following Aye and No vote; those voting Aye being; Alderman Austin, Alderman Brooks, Alderman Conroy, Alderman Foley, Alderman Tollenaer and Alderman Jones; those voting No, none.

Agenda Item #24

Other Business.

No one signed up to address Council to speak on a topic.

Alderman Conroy reminded everyone to Shop Rock Island.

Alderman Austin stated that early voting hours at the Rock Island County office building will continue from 8:00 am to 4:30 pm on Tuesday April 2nd. Alderman Austin added that on Wednesday, Thursday and Friday, the County office building will be open until 6:30 pm for early voting and on Saturday from 9:00 am until noon.

Agenda Item #25

Executive Session on Personnel, Property Acquisition and Litigation.

An Executive Session was not held.

Agenda Item #26

Recess

A motion was made by Alderman Foley and seconded by Alderman Tollenaer to recess to Monday, April 8, 2013 at 5:30 pm. The motion carried by the following Aye and No vote: those voting Aye being; Alderman Austin, Alderman Brooks, Alderman Conroy, Alderman Foley, Alderman Tollenaer and Alderman Jones; those voting No, none.

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The meeting was recessed at 7:03 pm.

Aleisha L. Patchin, City Clerk