

**MINUTES OF REGULAR SESSION  
HIGHLAND CITY COUNCIL  
MONDAY, MARCH 18, 2013**

Mayor Michaelis called the Regular Session to order at 7:00pm. Council members Schwarz, Bardill, Bellm and Nicolaides were present. Others in attendance were City Manager Mark Latham, City Attorney John Long; Directors Cook, Gillespie, Kennedy, Korte, Rosen and Schoeck; Police Chief Bell, Fire Chief Bloemker, EMS Captain Crosby, Supervisors Limestall; Library Director Kim, Deputy City Clerk Hediger, City Clerk Bellm; and, Council Candidates Frey and Hood, four other citizens, and one member of the news media.

**MINUTES**

Councilman Bardill made a motion to approve the minutes of the March 4, 2013 Regular Session as attached; seconded by Councilwoman Bellm. Roll Call Vote: Schwarz, Bardill, Bellm and Nicolaides voted aye, none nay. Motion carried.

**PUBLIC FORUM**

Citizens' Requests and Comments:

*Apostolic Revival Church Rock-A-Block Square Use Request* – Kyle Scott, of the Apostolic Revival Church, 11656 State Route 143, requested use of the Square and pavilion for the church to hold their fourth annual Rock-A-Block event on Saturday, July 27, 10am – 5pm. This is a community outreach event that is free to the public with Christian music, bounce houses, family games and giveaways. Councilwoman Bellm made a motion to approve the request of the Apostolic Revival Church for use of the downtown square on Saturday, July 27, 2013 from 10am – 5pm to hold Rock-A-Block as attached; seconded by Councilman Bardill. Roll Call Vote: Schwarz, Bardill, Bellm and Nicolaides voted aye, none nay. Motion carried.

Darrell Merkle, 95 Auburn Court, stated he would like to see what it would take to get side-by-side vehicles allowed for use on the streets within Highland. With the price of gasoline going up, it would help us get around cheaper. Scooters and motorcycles are less visible than side-by-side vehicles. Chief Bell stated he had looked into this, a few years back. The issue is we have so many state routes running through different areas of town. You have to designate specified crossing points of the state routes. We felt it would be very difficult to travel with these vehicles, staying within those designated crossings. Councilman Schwarz asked what a side-by-side vehicle is. Mr. Merkle responded these would be a golf cart-style vehicle or ATV that has a bench seat and a steering wheel versus handlebars. St. Jacob, Marine, Breese and Trenton all allow for use of these vehicles within their limits. I am sure that no one would be opposed to paying for a registration sticker to provide for a source of revenue for the city. Mayor Michaelis recalled that the crossing of the state routes was a concern. Mr. Merkle stated he believes Trenton's ruling allows these vehicles to cross over at any point; however, they cannot travel on the state route. Chief Bell recalled the statue, at the time he looked into it, was you

have to have designated places to cross the state routes, because the speed of traffic at those points is an issue. The other issue is the safety of those within the side-by-side vehicles in an accident with a regular size vehicle or larger, would be a concern. Councilman Bardill asked Chief Bell to look into what the other towns around us are doing and what the current regulations are. Councilman Schwarz expressed my concern would be the speed of these vehicles. I would not like to get behind a really slow moving vehicle when I am traveling in a car and trying to get somewhere in a timely fashion.

Requests of Council:

Nothing was presented.

Staff Reports:

City Manager Latham reported the annual spring clean is scheduled for the week of May 6-10. More information will be coming soon with details.

## NEW BUSINESS

Approve Mayor's Appointment to the Police & Fire Commission – Councilman Bardill made a motion to approve Terry Remelius to the Police & Fire Commission to fill the remaining term of Jon Sugg, with a term to expire June 2014 as attached; seconded by Councilwoman Bellm. Roll Call Vote: Schwarz, Bardill, Bellm and Nicolaides voted aye, none nay. Motion carried.

Bill #13-16/RESOLUTION Approving and Authorizing Execution of Agreement for Ambulance Service with Marine Fire Protection District – Councilwoman Bellm made a motion to approve Bill #13-16/Resolution #13-03-2114 approving and authorizing execution of agreement for ambulance service with Marine Fire Protection District as attached; seconded by Councilman Bardill. Roll Call Vote: Schwarz, Bardill, Bellm and Nicolaides voted aye, none nay. Motion carried.

Bill #13-17/RESOLUTION Amending Resolution No. 09-12-1850 to Designate a Different "Alternate Freedom of Information Officer" at City Hall – Councilman Bardill made a motion to approve Bill #13-17/Resolution #13-03-2115 amending Resolution No. 09-12-1850 to designate a different "Alternate Freedom of Information Officer" at City Hall as attached; seconded by Councilwoman Bellm. Roll Call Vote: Schwarz, Bardill, Bellm and Nicolaides voted aye, none nay. Motion carried.

Bill #13-18/RESOLUTION Establishing Iberg Road Between Michael Road and Troxler Avenue as a Class III Designated Truck Access Route – Councilwoman Bellm made a motion to approve Bill #13-18/Resolution #13-03-2116 establishing Iberg Road between Michael Road and Troxler Avenue as a Class III Designated Truck Access Route as attached; seconded by Councilman Bardill. Councilman Nicolaides asked what Class III is. City Attorney John Long responded 18,000-pound limit. Roll Call Vote: Schwarz, Bardill, Bellm and Nicolaides voted aye, none nay. Motion carried. .

Bill #13-19/ORDINANCE Amending Section 46-37 of the Highland Municipal Code Relating to Boats and Boating – Councilman Bardill made a motion to approve Bill #13-19/Ordinance #2564 amending Section 46-37 of the Highland Municipal Code relating to boats and boating as attached; seconded by Councilwoman Bellm. Roll Call Vote: Schwarz, Bardill, Bellm and Nicolaides voted aye, none nay. Motion carried.

Approve Notice of Municipal Letting for 2013 MFT Maintenance Materials Section 13-00000-00-GM - Councilwoman Bellm made a motion to approve Notice of Municipal Letting for 2013 MFT Maintenance Materials Section 13-00000-00-GM as attached; seconded by Councilman Bardill. All council members voted aye, none nay. Motion carried.

Award Bid #PW-04-13 for the Fence Construction – Street and Alley Storage Lot project – Councilman Bardill made a motion to award Bid #PW-04-13 for Fence Construction – Street and Alley Storage Lot project to Belleville Fence Co., in the amount of \$30,989.00 as attached; seconded by Councilwoman Bellm. Roll Call Vote: Schwarz, Bardill, Bellm and Nicolaides voted aye, none nay. Motion carried.

## **REPORTS**

Approve Warrants #907 & #908 – Councilwoman Bellm made a motion to approve Warrants #907 & #908 as attached; seconded by Councilman Bardill. Roll Call Vote: Schwarz, Bardill, Bellm and Nicolaides voted aye, none nay. Motion carried.

Councilwoman Bellm made a motion to temporarily adjourn, to conduct an Executive Session pursuant to the Illinois Open Meetings Act under Section 2(c)(21) for discussion of executive session minutes; seconded by Councilman Bardill. Roll Call Vote: Schwarz, Bardill, Bellm and Nicolaides voted aye, none nay. Motion carried. Meeting temporarily adjourned at 7:17pm.

Mayor Michaelis reconvened the Regular Session at 7:30pm. Council members Schwarz, Bardill, Bellm and Nicolaides were present. Others in attendance were City Manager Mark Latham, City Attorney John Long; Directors Cook, Kennedy, Korte and Schoeck; Police Chief Bell, Fire Chief Bloemker, EMS Captain Crosby, Library Director Kim, Deputy City Clerk Hediger, City Clerk Bellm; City Staff: Jackie Heimbürger and Tracey Robinson; and, Council Candidates Frey and Hood.

## **NEW BUSINESS (Continued)**

**Discussion** – FY 2013-2014 Annual Budget:

### Police Department

Chief Bell reported the budget is 2.3% larger than last year. That falls well within the revenues we project will come in. We are being very careful to be conservative with the sales tax and property tax projections. Most of the increase is in labor contractual obligations – salary, benefits and insurance costs.

Chief Bell pointed out there has not been an Assistant Chief since he arrived on staff. I have used that time to evaluate the positions and the resources available. What I am asking for is for a lieutenant position to be added. The additional cost is \$22,000. The salary would 5% higher than what a sergeant makes. This would be an additional rank. Because they are at lieutenant status versus an assistant chief, it would put them closer to the officers. It would provide for accountability in my absence. When I am not in town, this person would be the person in charge. It would also get the sergeant that is on duty out of the office and back onto the street with the police officers. We have a very young force, so this would provide for better mentoring. Councilman Schwarz asked if this would require an addition to the staff, since this person would be pulled from the street. Chief Bell responded it would not. Typically, there are 3-4 officers on duty each shift. If one person is on vacation, and if someone calls in sick, it may run as slim as two officers at times. I think we can make this work by adjusting responsibilities within the department. We would not implement this for several months to evaluate responsibilities and allow for testing. Mayor Michaelis stated Chief Bell and I talked about this several months ago. I think it is a good thing. In Chief Bell's absence, it is possible, right now, to have an officer in their probationary period in charge.

Other budgetary items are the replacement of two patrol vehicles. Chief Bell explained when the vehicles get up to a certain amount of miles they become higher in maintenance costs; we need

them to be reliable. We will be updating the AED deliberators in the vehicles, through coordination with EMS, so that we can switch off on units.

O&M costs is \$230 per capita. We are going to continue the bike patrols, foot patrols, 5K Runs, etc. that keep us in the public. We are working with B&Z to find the nuisance issues, and make personal contact with the property owners or residence of the properties, so that B&Z can deal with the bigger issues. Councilman Schwarz asked what the cost per capita is in neighboring communities. Chief Bell stated he does not know, because most do not figure or track it. By state and national numbers, we are well under in costs per capita, which is good considering we have a union force. Councilwoman Bellm expressed I really like seeing the officers out at all the events around town. I think it is good that they interact with the kids and the public in general, and when they are needed, they are right there.

### Ambulance

EMS Captain Gary Crosby reported Finance Director Korte and I will be making some slight changes due to the addition of Marine District that was added tonight. Overall, we are looking at an 8% decrease in the budget from last year. Last year, we purchased an ambulance, so that has to be taken into account. We have on-going negotiation, so we have anticipated back wages and salary increases for the contractual agreement. There are open positions and until we know what applications we have come in those numbers will fluctuate. Presently, we do not have enough to staff a third ambulance fulltime. \$10,000 has been budgeted for an oxygen fill station. We purchased an old police car, a few years ago, which has significant mechanical issues. This would be replaced through the state bid list with some type of SUV (for a budgeted amount of \$30,000). We have radio equipment on the evaluator tower of the hospital. Based upon the hospital moving and the potential of that building coming down, we will have a cost to relocate the equipment. Presently, we are conducting a site survey in coordination with HCS for placement of the public safety radio equipment to a higher tower.

Councilman Nicolaidis inquired if an additional ambulance would be included. Captain Crosby replied no. Staffing is the issue. We had nine applicants that tested; only three passed the practical testing. After the practical testing, we begin the interview process. The additional personnel are for staffing of the third ambulance. Initially, the third ambulance was to be in service twelve hours per day; with the addition of Marine, it will change to twenty-four hours.

### Fire Department

Fire Chief Rick Bloemker stated the budget remains the same from last year. This year, we will start the process of switching out our self-contained breathing apparatus (SCBA), with completion during the 2014-2015 budget year. There are new regulations and standards coming out. These will meet the new standards. Money is going into reserves towards the new public safety facility and we will share the cost of the oxygen cascade station with EMS. Councilman Schwarz inquired about the goal of developing preplans on rental and commercial properties. Chief Bloemker explained this provides information in the truck, so that as trucks are responding to a facility, such as Cooper B-Line, they can see the outline of the buildings, where chemicals are stored, break rooms are located, or where areas where large number of people would gather, etc. Until the fire on 13<sup>th</sup> Street occurred, back in November, we did not know there was active manufacturing going on at that building. When we went in, we found the press and the chemicals. Councilman Schwarz asked if, with the new regulations for the breathing apparatus, is there any liability or penalties with not replacing the bottles this year. Chief Bloemker noted there will be departments that will not have the funds to replace the bottles to standard. By waiting a year, we hope all the bugs will be worked out of the new systems. Councilman Schwarz asked if there is not that many people responding, is it possible to only purchase ten bottles in one year and then the balance in another year. Chief Bloemker stated with a large fire, you want everyone equipped. It is also good to have a few extra, in case equipment breaks. City Manager Latham noted the cost per capita is one of the lowest in the area.

### Electric Department

Director Dan Cook reviewed the accomplishments of the past year that included moving the 5KV generators into a building; retrofitting two Nordberg generators to meet EPA requirements and allowing for continuing credits from IMEA; adding a tree-trimming crew; and, installation of a backup generator at the Weinheimer Building, which is designated as a center for heat relief.

In the upcoming year, we would like to replace the reserves to allow for piloting smart meters and assess the benefits. Councilman Nicolaides inquired the smart meters will work provided they are on the fiber network. Director Cook explained some of the fiber structure would be used for this. The smart meters would assist with providing fiber to the rural areas of the electric network. We will work to automate our inventory system, allowing us to keep less inventory on-hand, know what we have, and reorder appropriately. We are planning elimination of the 2400v substation on Poplar Street this year and completion of the installation of distribution feeder along the Northeast Quadrant roadway for the new hospital. Director Cook noted we continually monitor the system for suspicious activity that suggests a threat for terrorism or theft from the system.

Last year, we hired two linemen; one dropped out. We also have one lineman retiring this year. Therefore, we are proposing to hire two new groundsmen, to assist the linemen and with the fiber operation. Groundsmen would do such tasks as trenching, laying poles, and being on site with a lineman for safety reasons and to assist with handing the lineman tools. Councilman Schwarz inquired what the rate of pay is for groundsman. Director Cook reported a lineman has a \$36 per hour rate; groundsman is \$26 per hour.

Councilman Schwarz noted one of the critical measures is to have revenue per KWH exceed 0.08400 cents per KWH. Why would we want to see income exceed a certain level per kilowatt-hour? Finance Director Kelly Korte explained what we are really looking for is that operating income exceeds kilowatts so that our reserves stay up. Councilman Schwarz asked where the 0.08400 cents per KWH comes from. Director Korte responded that is based upon the national standard. Councilman Schwarz asked do we meet the critical measure that operating income will exceed 0.013 cents per KWH and how do we compare on rates in comparison to other electric utilities. Director Cook stated we do meet the critical measures. We are about the middle of the road for communities of our size. On some things, we are higher, while other things we are lower.

### Fiber Department / HCS

HCS Director Dan Kennedy reviewed the accomplishments over the past year, which were to create redundancy, cleaned up the network, and added a lot of cost efficiencies. You will see that within the budget. Major initiatives for the upcoming budget year are to increase monthly revenues through new customers, cover monthly operating costs by October 30, 2013; develop a residential customer base with a goal to reach 2,050 subscribers by April 30, 2014; and, expand installation of FTTP Broadband System within the current serviceable footprint. Director Kennedy explained, when we started, we did not reach out to multi-unit properties. Now we are targeting multi-unit properties and residences. We will grow the revenue not only by increasing our customer base, but also with reducing our costs per subscriber. So far, we have shed over \$250 per subscriber in the changes we have made with providers and equipment. The access gear goes from three units to one. Another focus will be to work on reducing the amount of time it takes to add new subscribers onto our network. Our projected revenues will increase to \$1,897,540 for the upcoming fiscal year. The current fiscal year's revenue is projected to be \$965,356.

Councilman Schwarz asked what phase are we in and what is next. Director Kennedy responded we are finishing Phase III. City Manager Latham added there is a plan for a fourth phase, when additional funds are available. We should have had more phone and internet penetration in the business area in the first phase; however, without having the video, we did not have that. We lost \$1M of the total fund. Director Korte explained while the bond was for \$13.3M, only \$12M is available to us for use. It was know that there was money that would have to be retained in the fund and could not

be used as working capital. It is a security of these types of bonds. City Manager Latham added the business plan figured 1200 customers at \$124 per month work out. It figured our penetration for the businesses should be 70%. Director Kennedy reported we currently have 971 customers with 160 businesses. The businesses are generating less revenue than projected. While the business plan figured our income at \$124 per customer, we are at \$102 today. Initially, the infrastructure was unstable. In trying to grow customers, we were changing platforms to scrub and redo the infrastructure of the network. When we talk to potential customers today, we acknowledge those things and show them what we have done to improve the system and reliability.

Councilman Bardill asked when we break even. Director Kennedy stated we anticipate getting there by October 31, 2013. Councilman Nicolaidis noted the problem with the businesses, in the beginning, was there was no redundancy. Councilman Schwarz estimated we are looking at an additional 200 customers for breakeven to occur. Director Kennedy acknowledged that number is closer to just over 400 more customers for breakeven. Director Korte explained more customers means more costs, which needs to be factored in. Councilman Schwarz asked what we projected the saturation required needed to be for breakeven. City Manager Latham responded 23% was the target. However, more people are going to cell phones and not taking phone service. Director Kennedy reported approximately 10% take basic; 60%, digital; 12%, digital plus; and, 13%, digital ultimate.

Director Kennedy reported we have developed agreements with the property owners of multi-unit complexes, which is a two-part relationship. One is our relationship with the property owner and then there is the relationship with the individuals within the units that we can up-sale product to. With doing connections with Terra Properties' units, we should get ~240 users. Councilman Schwarz asked how you plan to get the additional users. Director Kennedy stated we will continue to focus more on residential areas. City Manager Latham stated he feels there is a lot of potential revenue in these units. It was a good idea to start doing it, which Dan brought to our attention. Director Kennedy noted the goal is joint marketing. The service is there already; people can move right in and have service almost immediately.

Councilman Schwarz asked if there have been any issues with the system. Director Kennedy reported there are more planned upgrades by the provider that should take place in off-peak hours. Councilman Schwarz inquired if there have been any more reports of credit card machines melting cards. Director Kennedy stated he checked into that issue extensively to figure out what had occurred. His thought was, if the machine was that hot, then we should be going back to our vendor. I do not know what caused it to happen. We simply stepped up and took care of the issue. Councilwoman Bellm expressed that is one of the things we wanted from HCS. With Charter, people complained about customer service. Director Kennedy stated customer service is what has made the difference and will continue to. We lost our IT engineer, so now we have Tracey taking that over, in addition to his other duties at the city. Every vendor that we started with, we are no longer with those vendors. Councilwoman Bellm expressed, in twenty years, this is going to be seen as significant as Silver Lake. Councilman Schwarz summarized our first initiative is to cover monthly operating cost, including repayment of bonds. Director Kennedy agreed.

Finance Director Korte informed the council that the first bond was a Growth America Bond, signed by the president. As a part of that, a federal interest subsidy is filed for and received. With federal funding issues, there is a possibility that could be reduced or completely taken away. To date, we have not shown any decrease in the interest subsidy. In total, the interest subsidy equates to \$60,000 - \$65,000 over the bond. Where interest rates are at, we could refinance the bonds, if the subsidy is taken away.

City Manager Latham stated we have not really marketed, because we do not have the capital to take on additional customers and get them into service. Councilman Schwarz asked, if we refinance the bonds, would it make sense to go for additional funds. City Manager Latham stated he would not advise going for additional bond funds, because it is debt that must be repaid. Getting customers

hooked up has been the constraint. Councilman Schwarz inquired where the service area ends now. City Manager Latham reported we go as far south as 20<sup>th</sup> Street, along the creek behind the elementary school. Phase IV would extend from there south and also construct the area north from Troxler Avenue, which would include the subdivisions of Augusta Estates, Prairie Trails and Lakeview Hills.

Councilman Schwarz pointed out there is no way we are going to meet the projected revenue for this year of \$965,356 if we are \$562,000. Director Kennedy explained that was based upon more customers hooked up. Our ability to get customers has not been the issue. Councilman Schwarz inquired what is the anticipate saturation rate to reach if we are at 23% right now. Director Kennedy responded we anticipate 40%. Councilman Schwarz asked what about the other 60%. Director Kennedy explained we find a certain number of people that just do not want to take the time to make the change or do not like change. Some customers have contracts with other providers. The point is what we will sustain ourselves on customer service.

#### Miscellaneous

*Louis Latzer Memorial Public Library* - Director Angela Kim reviewed we came to you last year with \$750,000 of proposed improvements. For the upcoming year, we will continue with accessibility upgrades and the merging of a new catalog, over the next few weeks, as part of the merging of four library systems into one. Mayor Michaelis asked why you think there was such a decline in library cards. Director Kim explained we had cards set to hold as “active” in our system for three years. We changed that to one year. However, I have changed that back to hold them in the system for three years again. We did lose a lot of users from outside the city limits when we changed the fee calculations. The economy also plays into it, as does electronic books and those that purchase their own books.

*Other Miscellaneous Funds* – Director of Finance Kelly Korte pointed out the last few pages are for funds that do not have their own department. We did increase everyone’s reimbursement for administrative funds and redirected those funds to Community Development, which is the fund that will pay for the art center study. The bonding for TIF District #2 will have a payment due; however, we have funds available from capital interest to cover it.

Councilwoman Bellm made a motion to adjourn; seconded by Councilman Bardill. All council members voted aye, none nay. Motion carried and meeting adjourned at 9:32pm.

Joseph Michaelis, Mayor

Barbara Bellm, City Clerk