

**MINUTES OF SPECIAL BUDGET SESSION
HIGHLAND CITY COUNCIL
MONDAY, MARCH 13, 2017**

Mayor Michaelis called the Special Session to order at 7:00pm. Council members Schwarz, Frey, Bellm and Nicolaides were present. Others in attendance were City Manager Mark Latham, City Attorney Mike McGinley, Asst. City Manager Peck, Directors Bell, Gillespie, Korte, Rosen, and Schoeck; Supervisor Limestall, EMS Chief Wilson, Fire Chief Bloemker, Police Lt. Conrad, Deputy City Clerk Hediger, City Clerk Bellm and 1 citizen.

City Manager Latham reported, as stated on Page 4, the budget reflects the desire to invest in aging infrastructure while maintaining current facilities and building reserves. While the State of Illinois continues struggling financially. However, we are able to work with the state funding changes, because we have conservative and projected income tax revenues to remain consistent. Sales tax has continued to grow. This past December, was the largest month ever, with ~\$260,000 in sales tax. A lot of that has to do with car sales, with the three dealerships we have. We feel the retail base is strong. The FY 2017-2018 budget was prepared with overall O&M expenditures decreasing by 1% and no change in operating revenues; transfers to reserves of \$1,277,000; and, a decrease of 6% in expenses from last year, reflecting an overall surplus of over \$217,000.

Parks & Recreation Department

Korte Recreation Center

City Manager Latham stated Parks & Rec is focused on maintaining the facilities. The Korte Rec Center has turned fifteen years old, and with any facility of that age, it is going to need some repairs. We are working towards a plan to make sure the KRC has reserves available to replace aging equipment, with a setback of \$80,000 for unforeseen variables. We are going to spend \$100,000 to paint the façade. Staff is looking at raising rates for members. Those will be brought to the council shortly.

Parks & Rec Director Mark Rosen reported that tuck-pointing would be needed, at the corners, in addition to painting, of the exterior of the Korte Rec Center. As far as the parks maintenance we are looking at trading in the fleet that we have and purchasing from the state bid list. We would then trade in every two years, based on our maintenance costs and hours. Concerning fee increases, at the Korte Rec Center, we had a daily admission increase in January 2016 and propose a \$10 increase every years. We are considering a “Cadillac plan”, similar to what is offered at Farmington’s Rec Center. For \$80 more per year, it would be an all-inclusive package, including admission to all classes. We are looking at options for sweetening the pot for members.

Outdoor Pool

Director Rosen stated we keep our fingers crossed there are no major issues. We have some plans to look for proposals for a new pool, including some forecasting.

Cemetery

Staff is looking at replacement of the roads in the cemetery. It gets a lot of traffic with not only funerals, but also daily visitors. Mayor Michaelis inquired if we are still doing the restoration program of older headstones. Director Rosen replied, yes, we are. This past year was difficult, because the mowing was non-stop thru October.

Councilman Schwarz inquired about the KRC membership rate structure. Has there been a clamoring for an all-inclusive membership. Director Rosen replied yes. Right now, members pay \$25 for the first class, then \$5 for each additional class, if they sign up early. It is a balancing act of making sure we have enough room and equipment available. Councilman Schwarz inquire if people are that price sensitive. Director Rosen responded, yes, we just had a woman that missed the early bird registration. She has been a long-time member, and she got very upset that we did not give her the discount. People are very price sensitive.

Public Works Department

Director Rosen reported the budget for Public Works includes the replacement of three pickup trucks, (\$175,000) replacement of the road surface on Sportsman road, in front of Rural King, and (\$155,000) Iberg/Broadway/VHP Roundabout engineering.

At the Water Treatment Plant, we will continue replacing valves, pumps and various equipment, and update SCADA equipment. The Water Reclamation Facility budget includes upgrade to Prairie Trails lift station to get data from the station to the plant; \$135,000 for trunk main rehabilitation; and, \$155,000 for Highland Road Water/Sewer Extension. Councilman Frey asked if the rehabilitation is of existing trunk. Director Gillespie replied yes.

Councilman Schwarz inquired how our rate and cost per gallon compares to other communities. City Manager Latham pointed out that not every community has its own water supply. Finance Director Kelly Korte explained that benchmarks are taken from American Waterworks Association. It is not a direct comparison; only for benchmarks, as a measuring tool, since those numbers are based upon different categories of service. City Manager Latham added bigger plants that treat and distribute more water cost less per gallon. Councilman Schwarz acknowledged there is economy of scale. Are there other communities that would be interested in getting water from Highland to improve our cost? City Manager Latham responded, at some point, we probably will connect into Tri-Township Water District. They are under contract, presently. However, there are times that they cannot provide enough water into the system. We can provide enough to service them. We presently sell to Grantfork, Pierron, St. Jacob, and Country Hills Estates. Councilman Schwarz asked if we have the capacity to provide water to more areas. Director Gillespie reported our plant could treat up to four million gallons a day. We do 1.2M-1.4M, on average, presently. In the summer months, we move closer to two million on average, daily. Councilwoman Bellm inquired have we not been talking to Tri-Township already. City Manager Latham reported we have had dialogue over the years. Presently, we are looking at providing a connection into their system near Iberg & Broadway to feed in on shortage or emergency basis.

Building & Zoning Department

City Manager Latham stated staff is looking at some form of a rental program. Money this year should be spent on tearing down condemned homes. We are looking at \$60,000 for that. A rental program would cost ~\$30,000. Reducing the permit fees for rehab/remodels caused the department to take a hit on permit revenues. Councilman Schwarz asked if we are still getting requests for the homebuyers program in the downtown area. Assistant City Manager Peck replied yes, at least one or two per week. I refer them to Madison County's program and other resources. The days on market is down; inventory is low; and, sellers are able to get closer to what they want. The program did what it

was supposed to do. We will continue to monitor them those numbers. Supervisor Kevin Limestall showed a list of vacant, foreclosure, or nuisance homes within the city limits. Councilwoman Bellm asked if they are in any particular area, predominantly. Director Peck reported, they are all over, but primarily in the older section of town. Staff estimates a cost of \$15,000 - \$20,000 per house for demolition. She explained we are dealing with “Zombie Foreclosures”. This is when the bank leaves it or puts it back into the property owners’ name. There is no one to go after in most of these cases, because they have no other assets. Councilman Frey expressed we need to get that program started. Director Peck stated we do not want to demolish anything we do not have to. The houses we have right now range from structural issues, to mold, and another with flea and roach infestation. We do our best to collect something from the bank on these properties. Right now, we are averaging about two foreclosures per week. Some of the foreclosures we do not know what we are dealing with, because we have trouble getting access to the properties.

The proposed budget includes \$60,000 budgeted under capital expense (Greenspace) for these demolitions and \$45,600 expense for acquiring property, which includes cleanup or cleanout of properties. Finance Director Kelly Korte reported Building & Zoning is getting capital transfer of \$82,000 will be moved from Community Development Fund to assist with these costs.

Public Safety Department

City Manager Latham stated there is a need to find a source of revenue for not only the facilities but also for the equipment. We sent a provision to the State of Illinois for expansion of sales tax revenue by 1.5% for public safety. One option is to look at, once the KRC bond is paid for, to take out a bond for construction of a Public Safety facility. Councilwoman Bellm asked when that is due to be paid off. City Manager Latham replied 2021. Another option is to look at using sales tax revenue. Public Safety Director/Police Chief Terry Bell stated, in order to keep our readiness in all our public safety departments, we are struggling to keep up with the necessary upgrades on current facilities, without even looking at a new facility. We need to find the funds somewhere for new facilities and equipment. We have looked at collaborating with other area departments. Grant funds have not been available for us to apply for. Even if they should become available, we would need to have matching funds.

Police Department

Police Chief Bell reported the only capital items are replacement of one patrol vehicle and the addition of an administrative vehicle, which would be an SUV that could pull the boat and other equipment. Our whole fleet would be SUVs. They have worked out very well compared to the Chevy Impalas. They are holding up better, getting comparable mileage, and navigate well in weather conditions. The equipment fits better into it, and it is easier to maneuver in for the officer and getting people in and out of. It has become an industry standard.

Councilman Schwarz inquired about the increase projected in the telecommunications tax and fines are projected to go up. Director Korte reported cell phone providers have been slowly reducing the telecommunications tax, by state statute. As more people move towards cell phones versus landlines, that amount will go away. Councilman Schwarz pointed out it looks like it is actually going increasing in the projections. Director Korte will look at those numbers and revise. Chief Bell reported we are doing more in ordinance fines. We have made more of effort to handle issues with ordinance than to put people into the state system, in particular when dealing with youths and young adults.

Chief Bell reported, this year, with not getting a second vehicle we spent funds on computers and software platforms. Every computer, camera and software, in each vehicle is state-of-the-art and everyone is on the same platform. We turned a drug seizure vehicle into an administrative vehicle. Councilman Frey asked how many vehicles the department has. Lt. Conrad replied twelve. We are looking at purchasing two new bikes through the Madison County Transit safety program.

Councilwoman Bellm expressed they really make an impact with interaction of the officers and people at events. Chief Bell responded the officers really love that interaction too.

Chief Bell pointed out these festivals that we have require overtime for police, EMS and fire. Councilwoman Bellm noted people like their presence at these events and the festivals are a tradition of Highland. Chief Bell acknowledged it is what makes Highland great. I know that staff has discussed this. It is going to get to a point where we require these event organizers to pay towards the additional cost of having public safety at those events. Do not misunderstand, we love being out there at these events. However, when they have to cover these events, we are paying overtime. Additionally, the officers want time off, and then they have to try to work in their vacations between the festivals. We are providing services to the community; however, we are requiring all departments to balance their budgets. It is difficult to handle when there is an event almost every weekend throughout the summer. Councilmembers asked what other communities do. Chief Bell stated he was not sure of others, than Collinsville, which he knows ItalianFest pays for the police officers to be there. However, Collinsville does not have the volume of festivals and events like Highland, which is what makes Highland great.

Chief Bell brought up an issue public safety is having, from a liability standpoint, with all the 5K runs and parades. Organizers of these events are not getting the volunteers needed to cover their events. Often there are intersections that do not have crossing guards for traffic control and safety. Our insurance carrier does not think we should be involved. Chief Bell proposed, in planning stage, we instruct them that they have to have these intersections covered with guards and the vests that we provide. We will drive the route before the start of event and delay the start of the event until the intersections are covered. Lt. Conrad explained that some of the more established and larger events, like the Lion's Day and Kirchenfest Run are good at getting volunteers. Others see these events, but do not realize what occurs behind the scenes. City Attorney Mike McGinley acknowledged if someone is injured because of lack of supervision at these intersections, the group hosting the event is going to get dragged in and have a responsibility. A protocol can be established. Councilwoman Bellm agreed it should be discussed in the planning stages. Councilman Nicolaides asked, if you charge for public safety at Schweizerfest, then do you charge for these small 5K runs. Chief Bell responded we have not formulated anything, but it would have to be equitable. Councilman Nicolaides stated I think at least the police department should be paid for their presence. Chief Bell stated any changes made to the event application would be brought to the council for review before implementing.

Ambulance/EMS

EMS Chief Wilson reported we are up to full staffing. We are down 250 calls from last year. We pulled back on the non-emergency calls out of St. Joseph's Hospital, Anderson and Breese hospitals, because we want to be able to serve the citizens of Highland when they have a medical emergency. That is our first priority. We no longer do transfers to Springfield. The fewer the calls; revenues go down. We now have four EMS instructors. We have received Illinois Department of Public Health designation as a training house. We, along with the police department, have sent four personnel to be certified car safety seat installation staff. The long-term plan is to add another full-time staff member. We want to do that to offset overtime hours, but we realize we need to have some revenues to cover the cost.

Fire Department

Fire Chief Rick Bloemker stated the department is in very good shape with the new SBA and bunker gear replaced. Once these all-aluminum vehicles become more predominant, we will need to look at new extraction equipment. Presently, we are looking at 115-116 calls per year. Ninety-nine percent are false alarm calls with smoke detectors, carbon monoxide detectors and vehicle accidents. We are working with other departments on what we can collaborate on, with training, equipment, and mutual aid, within Madison County. The truck we wanted to replace, last year, is still functioning very well.

General Administration

Finance Director Kelly Korte reported that intergovernmental taxes have been coming in on time. Hotel/Motel Tax Funds does have a change. We budgeted, but saw our biggest decline this past year. The only place that we now get funds is from Baymount Inn. The funds are less than when it was a Holiday Inn, and they are slower to pay. Mark & I did a reduction across the board, for all groups that have made requests, by 30%, except for the fireworks. Councilman Schwarz asked what miscellaneous have we had this year. Director Korte explained she left that in there, in case there is a new group or event. It was the consensus of the council that the Optimist Shootout brings the most people in to Highland and brings in the most substantiated overnight stays. Councilwoman Bellm pointed out that if the Chamber of Commerce was reduced equally (by 30%), it would be \$16,000 rather than 20,000, plus the City also pays for the PB&J festivals. Director Korte acknowledged she did not cut the Chamber back by 30%. Councilwoman Bellm expressed the Chamber of Commerce is a service organization and it should be servicing their members. However, it seems they have their hand out more and more to their members and the community. Mayor Michaelis expressed he feels Mark should sit down with the Chamber of Commerce. City Manager Latham asked what does the council feel they should receive. It was the consensus of the council they should have a 30% reduction like all the others. Councilwoman Bellm stated the Highland Area Community Chorus does not bring people into the motel for overnight stays, so we need to cut them from receiving funds from this. Councilman Schwarz reported the gun show does bring in people from the area and all the vendors stay overnight. Councilman Nicolaidis reported a lot of the vendors for Art in the Park stay overnight also. Councilwoman Bellm reported, if you take the Chamber back 30% and the chorus out, then that leaves \$4,300. Maybe we look doing a 25% reduction? Director Korte stated she would run the numbers again. She leaving more in that miscellaneous amount, just in case a new event develops that brings in overnight stays. Director Schoeck pointed out Councilman Schwarz always asked if these groups if they can substantiate overnight stays and how many. Usually, they cannot. Councilman Nicolaidis pointed out that with funds decreasing, maybe we want to keep it at 30% and see how it goes. Councilman Schwarz stated he thought the PB&J was put on by the Chamber. Director Korte reported the PB&J is funded by City of Highland, but the Chamber of Commerce organizes it. The City also handles the Municipal Band.

Miscellaneous / Library

Director Korte reported the budgets for miscellaneous funds such as the reserve accounts, TIF districts, library, Cemetery Board of Managers, police pension, IMRF, and solid waste disposal, are listed in the back under the "Misc Funds" tab. Councilman Nicolaidis asked what we do for the library. Director Korte reported we handle their taxes and payroll. Director Schoeck reported the library is billed for payroll services, and for their portion of insurance costs. Councilwoman Bellm stated I know if they changed their status, it would get very complicated for the library.

Councilwoman Bellm made a motion to adjourn; seconded by Councilman Frey. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaidis voted aye, none nay. Motion carried. Meeting adjourned at 9:07pm.

Joseph Michaelis, Mayor

Barbara Bellm, City Clerk