

**MINUTES OF REGULAR SESSION  
HIGHLAND CITY COUNCIL  
MONDAY, MARCH 15, 2021**

Mayor Michaelis called the Regular Session to order at 7:00pm. Council members Sloan, Frey, Bellm and Hipskind were present. Others in attendance were Interim City Manager Conrad, City Attorney Michael McGinley, Directors Cook, Gillespie, Imming, Kim, Korte, Rosen, Slover, and Speraneo, Coordinator Hubbard, Police Chief Becherer, Fire/EMS Chief Wilson, Deputy City Clerk VonHatten, City Clerk Bellm, Mayoral Candidate Hemann, and 4 citizens.

**MINUTES**

Councilman Frey made a motion to approve the minutes of the March 1, 2021 Regular Session as attached; seconded by Councilwoman Bellm. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Hipskind voted aye, none nay. Motion carried.

**PUBLIC FORUM**

Citizens' Requests and Comments:

*2021 Car Cruises on the Square Request* – Russell Huelsmann, Representative, Rusty Rodz Car Club requested permission to use the downtown Square streets our car cruises the last Saturday of each month, May through October, from 5pm-8pm. We would use Washington, Main and Laurel Streets. Councilwoman Bellm made a motion to approve the request of Rusty Rodz Car Club to hold a cruise-in on the downtown square, the last Saturday of each month, for the months of May through October 2021, from 5:00pm – 8:00pm each night, as requested. Motion seconded by Councilman Frey. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Hipskind voted aye, none nay. Motion carried.

Mayor Michaelis asked if there was anyone on phone wishing to speak. No one responded.

Requests of Council:

No requests or comments presented.

Staff Reports:

Interim City Manager Chris Conrad reported the petitioners for Items E, F & G on tonight's agenda have asked to have this postpone until April 5, 2021. They would like to put together a presentation.

As of March 11, Illinois Department of Public Health has issued new guidelines in regards to COVID protocol. Vaccinated persons may visit with others vaccinated in close proximity without wearing mask. Those not yet been vaccinated can meet but should wear masks.

## NEW BUSINESS

Award Bid #PW-02-21, For Purchase of a New Asphalt Hotbox – Councilman Frey made a motion to award Bid #PW-02-21, for purchase of a new asphalt hotbox to Crafc0, Inc., of Chandler, AZ, through a local dealer, for \$26,409.00 as attached; seconded by Councilwoman Sloan. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Hipskind voted aye, none nay. Motion carried.

Approve Funding for the Park & Recreation to utilize tourism funds for Marketing in the Tourism Times – Councilwoman Bellm made a motion to approve funding for the Parks & Recreation to utilize tourism funds for Marketing in the Tourism Times, in the amount of \$1,275.00 as attached; seconded by Councilman Frey. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Hipskind voted aye, none nay. Motion carried.

Bill #21-34/RESOLUTION Authorizing the Sale of City Owned Surplus Real Estate, Specifically 1213 13th Street, to Glass Group, LLC – Councilman Frey made a motion to approve Bill #21-34/Resolution #21-03-2804 authorizing the sale of city owned surplus real estate, specifically 1213 13th Street, to Glass Group, LLC as attached; seconded by Councilwoman Bellm. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Hipskind voted aye, none nay. Motion carried.

Bill #21-35/ORDINANCE Approving Real Estate Rezoning for 429 Walnut Street, from “C-2” Central Business District to “I” Industrial – Councilwoman Bellm made a motion to approve Bill #21-35/Ordinance #3091 approving real estate rezoning for 429 Walnut Street, from “C-2” Central Business District to “I” Industrial as attached; seconded by Councilman Frey. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Hipskind voted aye, none nay. Motion carried.

Councilman Frey made a motion to postpone Items E, F & G, pertaining to Pet Care and Pet Related Sales and Services with the “C-2” Central Business District, until the April 5, 2021 City Council Meeting. Motion seconded by Councilwoman Bellm. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Hipskind voted aye, none nay. Motion carried. Items postponed.

## REPORT

Approve Warrant #1191 – Councilwoman Bellm made a motion to approve Warrant #1191 as attached; seconded Councilman Frey. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Hipskind voted aye, none nay. Motion carried.

## NEW BUSINESS (Continued)

### Budget Discussion – FY 2020-2021 Annual Budget

#### Public Safety Department

##### *Police Department*

Interim Chief Becherer reported the goals included in the budget are Replacement of two patrol vehicles, \$70,000; continued expansion and implementation of video management/access control system that manages the city-wide camera system; completing the Public Safety Facility, \$600,000; and, sending one sergeant to the Southern Police Institute, in Louisville, KY for command school (Approx. \$10,000). Chief Becherer reported with the Level 3 Reform Bill, we will be required to attend a lot more training. The training budget line has been increased by 5% in order to meet the minimum training requirements. Other line items are to address facility maintenance needs to keep the current facility serviceable; maintain our IT system needs and replacement schedule, as well as other non-facility equipment in order

to insure safety of employees and continue to provide a high level of service to community. We will continue to explore funding alternatives such as grants for equipment, programs and facilities. We will begin planning for twenty-four hour call service for the City after 911 consolidation. The new reform bill requires the use of body cameras; however, the law does not them until 2025. As it is a significant cost, we are probably going to hold off until the law requires it. There is \$4.6M to pay off on the Public Safety Facility.

#### *Emergency Medical Service (EMS)*

Fire/EMS Chief Brian Wilson reported the department's budget goals are to hold the line on expenses this year. We have decided to put off purchase of a new ambulance at this time. We will review rates for EMS calls and consider nominal increases to cover operating costs and research more grant opportunities for replacement of cardiac monitors and two automatic CPR devices. The proposed budget is a little less for next year than the budget for this year.

#### *Fire Department*

Chief Wilson reported we are actively trying to recruit new personnel. We have seven new applicants. We continue our relationship with area departments who have volunteer fire staffing as well. We hope by having this joint relationship we can avoid a full-time staff. We are looking at starting up an explorer program with the high school. Goals within the budget include insulating the boathouse at the lake and beginning a rotation of replacing out equipment and gear so all the expenses do not fall into one year, with minor equipment. This year's budget includes \$10,400 for five sets of turnout gear; \$21,000 for three self-contained breathing apparatus (SCBA); and, \$8,000 for hoses.

#### Community Development

##### *Building & Zoning*

Community Development Director Breann Speraneo reported one critical measures is that OEM will not exceed 75% of revenues. The new software allowed us to service our citizens and contractors during the COVID pandemic. We will continue in this upcoming year to train more contractors, landlords, and citizens to use the services via the software. This has allowed us to move one- and two-family electrical inspections in-house. We will continue to train staff on code, make amendments to code to correct errors and clarify regulations, and address violations. Revenue is expected to stay steady. Last year, we had 26 one- and two-family new homes; we have issued eight new permits this year. Councilwoman Bellm inquired about a breakdown of one-family versus two-family. Director Speraneo responded there were only one or two that were two-family units.

##### *Economic Development*

Economic Development Coordinator Mallord Hubbard reported the budget goals include continuing to improve on incentive programs and run those in the most effective way. We are looking at offering a façade grant for downtown businesses and increasing our profile of the community as we work to attract new businesses. A business survey was recently sent out. We hope to retain our businesses by receiving feedback from them. This year we have supplied a full run down of the TIF. Highlights from TIF are that we forecast property taxes in addition to the interest income with these TIFs. Business District A expenses include \$125,000 for split of Broadway/Zschokke Parking Lot with Streets and \$4M remaining on Public Safety Facility. Business District B has \$80,000 budgeted for Plaza Park. Councilwoman Bellm expressed she appreciated the breakdown and future years forecast for the TIF and Business Districts. Councilman Frey asked is the facade program to help just the downtown businesses spruce up. How big is the incentives? Or, is it based upon the cost of project? Coordinator Hubbard stated I might have misspoke. The façade program will be for all business districts. Councilman Frey expressed he was happy to hear that. I want it to be for all businesses. I don't want to leave Northtown out of it. Interim City Manager Conrad added Mallord and Breann have put a lot of time into researching

and developing this program. Coordinator Hubbard reported we have looked at similar programs done by Edwardsville, Fairview Heights, and others, but Waterloo has done a tremendous job with their program.

## Public Works Department

### *Street & Alleys*

Public Works Director Joe Gillespie reported major initiatives for upcoming year in budget include \$125,000 for their split of the parking lot at Broadway & Zschokke; \$145,000, replacing 2001 two-ton dump truck; \$42,890, street sweeper lease purchase; and \$30,000 for street and sidewalk repairs in areas of concern, \$20,000 to sealcoat alleys, \$10,000 to address storm drainage issues. Director Gillespie noted this is a change with the rearranging of funds between Accounts #540, #550 and #550-50 to address the potholes from the winter weather.

### *Motor Fuel Tax / Non-Home Rule Sales Tax*

The Broadway Streetscape Project, Phase 1 is currently underway. In this last budget year, we opted to apply for Phase 2, which continues the improvements from the Square to Illinois Route 160. We will not know until April or May if we will receive funding. There is \$175,000 in the budget for that. I also have \$325,000 in the budget for resurfacing of Broadway from Lemon Street to Laurel. If that does not happen, we would use that to complete the sidewalks and lighting. If we are not awarded Broadway Streetscape Phase 2 funding, we will resurface the section that is currently part of Phase 1, which is being done right now. There is also acquisition of peripheral route right of way along Bellm Road included in the budget with Non-Home Rule Sales Tax funds.

With Motor Fuel Tax (MFT) funds, we will continue to sealcoat city streets. We received from the State of Illinois \$218,000 per year. With rebuild grant funds through MFT, we would like to set aside for reconstruction of Matter Drive and tie that into Trouw's expansion.

### *Water Department*

Under the Water Treatment Plant budget, we will continue replacement of process control devices at the plant, from the 1993 expansion, clean out of Sludge Lagoon #2 (\$95,000), continue maintenance of storage tanks (\$~170,000), \$50,000 Keeven Water Main Replacement; and, \$70,000 auto meter reading equipment. Director Gillespie reported we have a retaining wall on the south end of spillway that is showing movement. Once we are done with replacement of the Keeven Water Line we will move forward with addressing the wall (estimated cost of \$340,000). Under Water Distribution, we have \$80,000 budgeted for replacement of a dump truck that will be shared with Sewer Collection.

### *Sewer Department*

Director Gillespie reported Cured-In-Place (CIP) lining project will continue, with \$500,000 budgeted. He happily reported 99% of calls these days are issues on the customers' side. Our goal is to line all original clay pipe. Clay pipe is about 15% of system. We are probably a quarter of the way through with the clay pipe. We are doing the worst of the worst first. We are moving \$350,000 up to the upcoming budget from current year. Another thing is the trunk main rehabilitation, with \$2.8M budgeted for upcoming year. This is part of the overall plan put together by our engineers in 2013. In the current year, we had plans to do it. Illinois EPA decided they did not have enough money for principle forgiveness. That was a significant dollar amount, so we decided to wait and apply for it in this upcoming year.

In the budget is funds (\$42,000) set aside for polymer and phosphorus removal. We are preparing a Phosphorus Discharge Plan per new regulations by USEPA to limit the level of phosphorus to .5. We have to look at what it will take to minimize it for the future. Staff continues to update the City's Capacity Management Operations Maintenance (CMOM), which is where we evaluate what we have and

what our weak points are. This ties into our trunk rehab and CIP plans. Director Gillespie stated, in the upcoming months, we come to the council with a rate increase. We are looking at a 1.5% increase. Councilwoman Bellm expressed none of us want to do rate increases, but everything is going up and we would rather do slight increases rather than waiting until it is too late and large increases. Everything goes up – labor costs, materials costs, and operations.

Councilwoman Sloan asked what if we don't get the grant for the Broadway Streetscape. Director Gillespie stated I feel pretty confident. We submitted our full plan and worked out a lot of the kinks in the design by doing that. We got a favorable review with the first phase, so I feel confident. Councilwoman Bellm pointed out that 75-80% of that is being paid for by grant. She inquired where the wayfinding in the budget is. Director Gillespie explained that is part of the Streetscape. Councilman Frey inquired about progress of the Keeven Water Main Replacement Project. Director Gillespie reported that was awarded to Haier Plumbing. A preconstruction meeting is being planned and the project should be started within a couple of weeks. The project has to be completed by May per the contract.

### Fiber to the Premises

Director Angela Imming stated we are at a crossroads with HCS. Ten years ago, HCS was available to some customers, and consultants and engineers in the field developed a ten-year business plan. The graphs provided compare what the plan was and what the performance actually is, based on the business plan for March 2021. It estimated 959 video customers and 1,343 total customers. Today, we have 1,114 video customers and 2,542 total customers. The big winner here is data, with estimated 1,073 customers, and today, that number is 2,410. Estimated monthly was to be \$138,000 for March 2021; in February 2021, it was \$231,000. However, expenses are also well off, with estimated of \$54,000, when actual is \$134,000. Most of the expense is the cost of cable TV.

We are a nonprofit organization; however, we must not put other city services at risk due to HCS. It is really good to understand where we are in relationship to the competition. From the graph on Page 3, you can see the profit or loss per \$100 of product. On a data customer, \$40 goes to profit; we lose \$21 on video, while having a profit of \$22 for voice. The video market we find ourselves in today is similar to the housing market in early 2000. It is overpriced. To speak a little about the business plan, which is done in December 2021: The consultants would never had seen where video was going. It was unforeseen. In 1980, network engineers could have seen it. We used power over Ethernet. Today, cell carriers are buying out networks for their video content. If you watch the new show, "Clarice", for example, by purchasing the application, you can watch it how you want to watch it and as often as you want. The standard model is being dismantled. HCS is on the losing end. We can either raise rates or reduce our costs. Thanks to Finance Director Kelly Korte, we were able to see a \$300,000 reduction in annual bond payments by refinancing last year. HCS has 58% of the market. We are blowing the doors off the competition. Video has not been raised since 2014, at which time we saw a 3% loss of customers, but services have since been shored up. These rates increases will all come to the council in a proposal; however, the budget includes those increases. Voice services will increase by 5%. This budget also includes movement of services and a reduction of equipment costs, as well as payment to Light & Power above our bond payment. We have three major content providers we are still awaiting on approval of the conversion to V-TV. Our intent was to move over by July 1.

Councilman Frey asked how does 5G affect us. Director Imming explained that is cellular, which we do not offer. Councilman Frey asked will the new rates be competitive yet. Director Imming replied yes. V-TV may move people to different services. For example, they may go to basic, but purchase streaming services to supplement. That is okay, because we are not making money on video, it is costing us money. I am confident we will keep the data customer base. There is what is known as "the internet of things", which is where you can make your refrigerator smart and your doorbell smart, as well as other things. We will continue to research and develop those things. We may be able to help citizens

interconnect; however, I am not sure if it is profitable or not. We have to be ahead of the curve. If we do not have a product available, we miss out. City Manager Conrad stated Director Korte and Director Imming put the budget together with these changes, if it is not palatable to the council, please let us know so we can adjust the budget. Councilman Frey suggested when we change prices we need to let the customers know we have not raise rates since 2014.

#### Electric Department

Director Dan Cook reported we are trying to put an extra \$500,000 away this year. We did lose two linemen this past year. We will only replace one. In past budgets, we project a 2% increase in revenue. This year, I did not increase revenues, but there is an increase in sales and cost of energy. Ameren transmission rates have increased and IMEA production costs increase, on average 5-7%. Extra sales resulted in a 3.3% increase in cost of kilowatt charges. This cost will transfer to customers with the power cost adjustments. We proposed rate increases for the start of this budget year. With COVID, we held off on it. We are going to propose a 1.5% increase at some point in the upcoming year. We are going to do some labor-intensive projects this year. Cost of services study will be put off and we will do a low adjustment. We are looking at creating an ordinance for establishing infrastructure charges for developers. Ameren and Southwestern charge developers for these infrastructures. As each lot sells, they are paid back. We get a lot of stranded investment sitting out there otherwise. We will continue to validate revenue stream through testing and repair of large commercial and industrial metering systems, as we see a payback on that cost with repairs or faulty equipment we find.

Electric Production Goals in the budget include \$30,000 to replace one pickup truck; \$13,000 for painting of south and east exterior walls on power plant main building; perform some ADA accessibility modifications to the building; and, \$50,000 to replace a mower, purchase meter readers, LED bulbs, and replacement strings of lights for Christmas decorations on the Square and along Walnut Street. Director Cook reported we did inherit some Christmas decorations from the Chamber of Commerce. We actually purchase lights for all of them along Broadway on a sale for less than \$20,000. Under Distribution, we will continue with deployment of Smart Grid meters continued; \$20,000 for replacement of battery bank at Northtown Substation; and, \$165,000 to replace tree trimmer truck, which was in last year's budget. The light poles for along Broadway are included in the budget, although we are not certain about Phase 2 happening this year. We will continue to replace peripheral route lights and others with LED, as the truck rolls on them are minimal and lower power cost. The budget also includes \$105,000 for Eastside circuit upgrades, as suggested in system planning study. We will also, slowly continue towards eliminating 2400-volt circuit. We also have an inoperable capacitor bank at Westside substation, which we will replace. There is \$50,000 budgeted for this, but it will pay for itself in electricity costs, because of its current inefficiency.

Director Cook stated he was unable to attend the last meeting, but wanted the council to know that if they hear people say the electric bills they received this last month were high, it is not the cost of the electricity that created customers high energy bills; it was the fact that furnaces were running so much.

#### Parks & Recreation Department –

Director Mark Rosen reported the budget includes the following goals for 2021-20222: \$28,000 to replace two pick-up trucks; \$20,000-\$36,000 to replacement of railroad tie retaining walls around parking four areas at Silver Lake Park; and, \$41,800 for Plaza Park improvements, with \$15,000 to replace vegetation around the Fountain on the Square with a solid surface. This will eliminate the considerable amount of labor to clean out the filter and help maintain the life of the spray nozzles. This is also \$15,000 budgeted to reseal the walking trail at Glik Park; \$85,000 to replace playground equipment at Hoffman Park, which will also utilize grant funds; and \$14,000 to paint the west elevation of Korte Recreation Center.

Director Rosen reported COVID is limiting the amount of groups. We are looking at trying to do an every other Thursday night with local bands on the Square. Sport leagues are being again. Everyone needs to realize that select leagues operate on different rules. He reminded everyone that long-time employee Nancy Gramlich will be retiring at the end of April. We will not be replacing her position. We will certainly miss her. Her duties will be divided between three different people – Hillary, Cody and Lucas. Mayor Michaelis inquired who will coordinate the fireworks. Director Rosen reported Cody will probably be handling most of that.

### Miscellaneous

#### *Library*

Director Angela Kim reported the library budget is pretty much set with life safety improvements. The big factor is the facility grant, which we received \$50,000 from the state and matched with \$50,000. Anytime you open up an old building, you find other things. We were curbside with COVID; we have remained that way, due to the current renovations. We plan to open April 5, so we will try to get most of the projects done to allow for that. We will continue to keep hitting our social media, and have adapted our story hours and program for COVID restrictions. We are hoping to use the Square for some events. We will be using life safety funds for this year and next year for the grant and cover almost everything, with new flooring upstairs and the cleaning of ductwork.

### General Administration

#### *Misc. Funds*

Finance Director Kelly Korte reported the majority of areas are putting money into reserve funds. Under miscellaneous funds, you can see the IMRF is a tax levy fund; Audit Fund, which allows us to levy a tax to pay for our annual audit; and, Solid Waste Fund. Our provider implemented an increase in November, which we did not pass it along because we had enough in the fund to sustain it. For the cemetery, we are still planning to upgrade the software for cemetery records. As far as the General Admin Fund, City Hall is the hub of all activities. Right now, we are in the middle of a software upgrade to the financial and billing portion. We are recognizing a lot of efficiencies with the new software already. Ann Stoecklin continues to work part-time after retiring to assist with software conversion. In the upcoming budget year, we will look for a used truck to replace the existing for the maintenance staff. With software upgrades, we are implementing employee self-service payroll, which will allow employees to put in their hours and vacation requests. Director David Slover reported the Time & Attendance module with Springbrook was only \$4,000, but the efficiency will be great. City Manager Conrad added we found out we were spending about 35 hours every two weeks for payroll. That will be significantly reduced with this module.

Councilwoman Bellm noted she did not see any hotel/motel funding in the budget. Director Korte reported the fund has held itself this past year. It is about \$30,000 estimated for the upcoming budget year.

Councilwoman Bellm made a motion to temporarily adjourn this regular session to enter into executive session under the Illinois Open Meetings Act under 5 ILCS 120/2(c)(21) to discuss the approval of executive session minutes. Motion seconded by Councilman Frey. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Hipskind voted aye, none nay. Motion carried. Open Meeting temporarily adjourned at 7:42pm.

Mayor Michaelis reconvened the Regular Session at 7:50pm. Council members Hipskind, Bellm, Frey and Sloan were present. Others in attendance were Interim City Manager Conrad, Attorney McGinley, Chief Becherer, Deputy City Clerk VonHatten, and City Clerk Bellm.

Mayor Michaelis stated nothing discussed in Executive Session would be acted upon in Open Session this evening.

Councilwoman Bellm made a motion to adjourn; seconded by Councilman Frey. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Hipskind voted aye, none nay. Motion carried and meeting adjourned at 7:51pm.

Mayor Pro Tem

Barbara Bellm, City Clerk