

**MINUTES OF REGULAR SESSION
HIGHLAND CITY COUNCIL
MONDAY, MARCH 18, 2024**

Mayor Hemann called the Regular Session to order at 6:30pm at the Highland Area Senior Center. Council members Sloan, Frey, Bellm, and Napper were present. Others in attendance were City Manager Conrad, City Attorney Christine Coleman, Directors Cook, Gillespie, Heimbürger, Hubbard, Imming, Ohren, Presson, and Rosen, EMS Chief Wilson, Fire Chief Straub, Managers Hummert, Koehnemann, Pinsker, and Wilken, Treasurer Nicolaidēs, Deputy City Clerk Hediger, City Clerk Bellm, and 126 citizens.

MAYORAL RECOGNITION

Mayor Hemann recognized the accomplishments of Highland Middle School Girls' and Boys' Cross Country Teams. The girls finished second as a team at the Springfield Sectional. Seventh grader Katie Fenton was the individual champion, fellow 7th grader Morgan Greenwald placed 4th; and 8th grader Josie Kircher finished 7th. At the IESA 3A State Meet, the girls placed 13th out of 24 as a team led by Fenton in 37th and Greenwald 40th out of 223 runners. Boys finished second as a team at the Springfield Sectional, also. Eighth grader Caleb Knobloch was the sectional champion, his brother Joshua placed 3rd; and, 6th grader Easton Koeneman finished 8th. At their first IESA 3A State Meet, the boys placed 18th out of 24 with Caleb Knobloch earning all-state honors, placing 2nd in the field of 223 runners. The teams were coached by Rich Cook, Bob Vance and Jene' Frey.

Coach Vance reported this was the first year the middle school joined the IESA, which I schools north of Interstate 70. Before, we would be competing with schools south of Interstate 70. Tomorrow night we are hosting Trempe Middle School and Wesclin. Team Members: Girls' Team: Katie Fenton, Morgan Greenwald, Josie Kircher, Addie Cook, Melia Bowman, Riley Chilton, Kate Venhaus, Taylor Venhaus, Morgan Inlow, Maci Robinson, Arianna Johnston, Genevieve Lightle, Penny Duffin, and Lucy Gustavison. Boys Team: Caleb Knobloch, Joshua Knobloch, Easton Koeneman, Nathan Schwehr, Tanner Winter, Wade Nehrt, Chase Knebel, Noah VerDuin, Landon Ellis, Jacob Walter, Bryce Shelburg, Evan Alexander, and Trent Zobrist.

MINUTES

Councilman Frey made a motion to approve the minutes of the March 4, 2024 Regular Session as attached. Motion seconded by Councilwoman Bellm. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Napper voted aye, none nay. Motion carried.

PUBLIC FORUM

Citizens' Requests and Comments:

Bulldog Bolt Walk-a-Thon – Special Event Application – Valerie Driscoll, PTO Representative stated we want to start an annual Bulldog Bolt Walk-a-Thon, with four stations: a bounce house, bubble station, music, and snow cones. We are looking to shut down Lindenthal to allow safe crossings for that day. Councilwoman Bellm made a motion to approve the request of Highland PTO for road closure of Lindenthal Avenue, in front of the Highland Primary, to host Bulldog Bolt Walk-A-Thon, on Monday, May 13, 2024, with a rain date of Wednesday, May 15, 2024, from 8:30am – 3:30pm as per the Special Event Application as attached. Motion seconded by Councilman Napper. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Napper voted aye, none nay. Motion carried.

Hydrants, Hoses, & Heroes 5K – Special Event Application – HFD Auxiliary, Brooke Quade, Representative, stated we are requesting approval to host our 5K on May 4, 2024. Councilwoman Sloan made a motion to approve the request of Highland Fire Department Auxiliary for street closures to host Hydrants, Hoses & Heroes 5K on Monday, May 4, 2024, starting at 8:00am, and the request for \$1,000 for advertising as per the Special Event Application as attached. Motion seconded by Councilman Frey. Councilwoman Bellm asked why it is named that. Ms. Quade stated because this is to support the Highland Fire Department, thus we went with hydrant, hoses and heroes. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Napper voted aye, none nay. Motion carried.

There was a break in the meeting 6:45pm-6:53pm to handles technical issues with the WiFi and phone service.

Mayor Hemann invited anyone wishing to address the Council on any subject may to do so at this time. He advised, please come forward to the podium and state your name. Per Ordinance No. 3299, please limit your comments to 4 minutes or less.

Kathy Chaney asked what is going on with the Square. Why are the businesses emptying around the square? Mayor Hemann responded Highland Emporium closed due to the owners' health issues. As far as the Swiss Gift Shop, they have decided to close after the owner of the building sold the bridal shop, which moved next door. They are mostly based on business decisions and health issues. Ms. Chaney stated I am not sure what 1301 Main Street is being used for. I want to get some money to move out of there.

George Pawlaczyk requested a copy of the latest financial report. City Manager Conrad C – you want an electronic version of the audit. Should be online to access

Steve Perry, District Vice President for IFAP, which represents Highland EMS stated, last week, the City of Highland issued a statement on line. I'd like to point out this is how our five brothers found out they were losing their jobs. The statement infers they lost a profit. EMS services are not meant to be profitable. According to the financial reports, last year, Highland's revenues exceeded expenses, with \$500,000 surplus in the general fund. In spite of transfers, the city's assets have increased. Math is math. The fact is, they could transfer funds from the general fund to support the EMS. The 2023 service report s 71.6% calls come from within the city, yet they propose cutting from two ambulances to one. If multiple calls, the city has no backup plan. They city could have requested increases from the service districts; however, the pace they are requesting those increases is unprecedented. Rates could have been incrementally increased over the last ten years. They stated Medicaid and Medicare calls only pay 55% of the costs; they have not mentioned they receive funds from GEMT, which pays grant funds above that. As far as the Associated Fire Fighters of Illinois, I am not aware of any consolidation in recent memory.

Jonelle Safford, Lindenthal Avenue, expressed it was shocking news to learn we are going down to one ambulance. I am very active in fundraising within town. I would suggest, if you could not get more tax dollars, we should have the community come together for some fundraising. Everyone wants ambulance service.

Barb Huelsmann, thanked the council in advance for listening to our concerns. As a pediatric practitioner, I realize what slow or lack of responses can result in. I realize the city wants to cover its cost. We have star patients here that require immediate care, rather than wait for Alhambra-Hamel to respond. If you go down to one ambulance, who is going to do the transfers from HSHS to DePaul, St. Elizabeth, and other critical care hospitals. We need to sit down at the table with the other fire districts. How can you as council members look someone in the eye and say money mattered more than safety.

Alaina Osterberg, Alhambra, stated I understand the district does not want to pay more. However, no one asked me. I think we need to go to our tax districts and put this out to a referendum. But, is it too late? Mayor Hemann reported this is not a local problem only; it is a nationwide problem. The fire districts are volunteers trying to do their best. This has been an issue for over three years that we have been trying to deal with. Ms. Osterberg expressed if this was brought to us before three weeks ago, we could have gotten more involved.

Requests of Council:

No comments or requests.

Staff Reports:

Review TIF District III Redevelopment Plan – Economic Development Coordinator Mallord Hubbard explained we want to take back any feedback from council and incorporate that back into the redevelopment plan. The public hearing on this will be held in May.

City Manager Conrad reported we have been meeting with the since last Sunday. If this was the first they heard of this, through negotiations, we reached out to them in January about this. We were told at that time, from the various districts that they would be using alternate service. The union was notified in January that we would be going to one ambulance. We did not know the date, because we were unsure of when the other districts would be switching their service over. The announcement that was made last week was in response to an anonymous social media post, which represented that one ambulance would service Highland and all districts.

Highland strives to provide the best level of service. Other districts have gone to private services. They have seen a decline in response times. The instruction by council was to maintain what we have as long as possible. If we continue, we will see a loss of \$1M in this next fiscal year. Of the calls, over half was Medicare or Medicaid cases. Billed costs for services are reduced by almost fifty percent. Operationally, we feel we can continue and be fiscally responsible to the citizens of Highland. Districts will have ambulance service by private services. These changes do not impact our mutual aid agreements. I received an agreement from Mayor Timmermann, from Breese, that they will be honoring their agreement with us, as we will with them.

These issues are nothing new. The union has known about the financial concerns. The union has not made concessions on financial or operations. EMS have legacy provisions in their contracts, which make it a very rich contract. Each full-time member has a minimum 320 hours of overtime pay, which averages to \$50,000 - \$60,000 per year. Highland is the last Non-Home Ruled community with its own ambulance service. The budget, as mentioned, had an \$800,000 surplus, which come from restricted sources. This means they can be for specific purposes. Surpluses are to be used for future projects. Property tax does not cover our operation of services. We are at the maximum in tax levies, which you

will find this if you look at the county's website. I have heard concern about all the new equipment the city purchases. My response is for government to service it must have people willing to serve and equipment that works. Equipment and vehicles replacement is done in a manner to ensure that it can provide services when needed. EMS is 14% of our city's services. Unrestricted revenue is used for general administration, streets, parks; police, and fire department. The volunteer fire department has seen wages go up 52%. If we continue with the current, it is projected we would see an additional -5.5% loss in revenues. It does not make sense to pull funds from departments that are seeing a demand for services increase to give to a department.

City Manager Conrad stated this is not a long-term solution. As demand for Medicare and Medicaid calls increase, this will only continue to make the decision sooner. This will sustain us for another 6-9 years, at best. There will be a need to look at consolidating with other districts or going to private service. If you live within one of the fire protection district, you need to direct your questions and concerns to the trustees within your district. They believe they are making the best decision for their citizens.

NEW BUSINESS

Bill #24-38/ORDINANCE Setting a Date for a Public Hearing for the Highland Tax Increment Financing Redevelopment Plan and Project III for May 20, 2024 at 6:00 PM – Councilwoman Bellm made a motion to approve Bill #24-38/Ordinance #3327 setting a date for a Public Hearing for the Highland Tax Increment Financing Redevelopment Plan and Project III for May 20, 2024 at 6:00 PM as attached. Motion seconded by Councilman Frey. Councilwoman Bellm inquired the hearing is here. City Manager Conrad replied yes. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Napper voted aye, none nay. Motion carried.

Bill #24-39/ORDINANCE Amending the City's Official Zoning Map – Councilman Frey made a motion to approve Bill #24-39/Ordinance #3328 amending the city's official zoning map as attached. Motion seconded by Councilman Napper. Councilwoman Bellm inquired this is just cleaning up and updating. City Manager Conrad responded yes. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Napper voted aye, none nay. Motion carried.

Bill #24-40/RESOLUTION Approving Application and Awarding Certain Financial Incentives Under the City Façade Improvement Program to Warson Development, LLC – Councilwoman Bellm made a motion to approve Bill #24-40/Resolution #24-03-3097 approving application and awarding certain financial incentives under the City Façade Improvement Program to Warson Development, LLC as attached. Motion seconded by Councilman Frey. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Napper voted aye, none nay. Motion carried.

Bill #24-41/RESOLUTION Making Separate Statement of Findings of Fact in Connection with Ordinance Granting Special Use Permit to Allow for a Church within the "I" Industrial Zoning District at 820 Mulberry St. (Former Police Station) PIN 01-2-24-05-06-101-007 and PIN 01-2-24-05-06-101-006 – Councilman Frey made a motion to approve Bill #24-41/Resolution #24-03-3098 making Separate Statement of Findings of Fact in connection with ordinance granting Special Use Permit to allow for a church within the "I" Industrial Zoning District at 820 Mulberry St. (former Police Station) PIN 01-2-24-05-06-101-007 and PIN 01-2-24-05-06-101-006 as attached. Motion seconded by Councilwoman Bellm. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Napper voted aye, none nay. Motion carried.

Bill #24-42/ORDINANCE Granting a Special Use Permit to Chris Robards (Family Bible Church, Inc.) to Allow for a Church within the “I” Industrial Zoning District at 820 Mulberry Street – Councilwoman Bellm made a motion to approve Bill #24-42/Ordinance #3329 granting a Special Use Permit to Chris Robards (Family Bible Church, Inc.) to allow for a church within the “I” Industrial Zoning District at 820 Mulberry Street as attached. Motion seconded by Councilman Napper. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Napper voted aye, none nay. Motion carried.

Bill #24-43/ORDINANCE Amending Zoning Classification of 904 Beech Street from “R-1-D” Single Family Residential to “I” Industrial District (PIN 01-2-24-05-5-102-014) – Councilwoman Sloan made a motion to approve Bill #24-43/Ordinance #3330 amending zoning classification of 904 Beech Street from “R-1-D” Single Family Residential to “I” Industrial District (PIN 01-2-24-05-5-102-014) as attached. Motion seconded by Councilwoman Bellm. Councilman Frey noted this is in an area that we discussed before. This is probably the only area of our town that is mixed like this. We have residential, mobile homes, Korte Meat Processing, warehouse use and industrial. Concessions in this area have been made along Broadway and Madison Street, primarily. I know the Combined Planning & Zoning Board (CPZB) feel a change should not be made there. The lot sits at the corner of Beech and Madison Street. It has been vacant for many years. We made an exception to the rule a while back with a lot near that.

Councilwoman Bellm expressed I hate going against CPZB and their decisions. They have to look at the guidelines that are there only; however, we can look at the big picture. I am going to say yes. Councilman Napper asked what kind of business is this. Ken Keltner explained we do landscaping, lawn care, snow removal, and sprinklers. I have pickup trucks. This lot has been vacant forever. In 1954, the lot was bought by Jacober and has remained vacant ever since. I can face the building towards Madison Street, so that it does not dislodge any residents. Councilwoman Bellm stated I know there was concern about traffic on Beech Street, because of the kids that live on that street. Having it facing Madison Street for entrance and exit would address those concerns. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Napper voted aye, none nay. Motion carried.

Bill #24-44/RESOLUTION Requesting Protection of the State 1% Tax on Grocery Items – Councilwoman Bellm made a motion to approve Bill #24-44/Resolution #24-03-3099 requesting protection of the state 1% tax on grocery items as attached. Motion seconded by Councilman Frey. Councilwoman Bellm inquired this is a letter we are sending. City Manager Conrad replied yes. Gov. Pritzker proposed in his budget to suspend permanently the 1% grocery sales tax. This is not a tax the state takes a cut of. This tax goes directly into the communities. IML estimates it would remove \$385M to communities across the State of Illinois. It would remove \$280,000 - \$300,000 per year of our budget, which goes to fund streets, parks, police, fire, and building and zoning. It will impact communities. Mayor Hemann reported I signed letters that are proposed go to the governor, as well as state senators and representatives. This was suspended during COVID; however, we were paid back the suspended tax in 2022. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Napper voted aye, none nay. Motion carried.

Bill #24-45/ORDINANCE Amending Chapter 78 – Utilities, Article II – Electric Service Regulations, Division 3 – Billing and Rates, Section 78-112 – Schedule of Electric Rates, of the Code of Ordinances, to Adjust the Electric Rates Charged By the City – Councilman Frey made a motion to approve Bill #24-45/Ordinance #3331 amending Chapter 78 – Utilities, Article II – Electric Service Regulations, Division 3 – Billing and Rates, Section 78-112 – Schedule of Electric Rates, of the Code of Ordinances, to adjust the electric rates charged by the city as attached. Motion seconded by Councilwoman Bellm. Councilman Napper asked will this increase the rates. Mayor Hemann responded it increases the meter rates. Director Dan Cook explained there are three components of electric rates: power, cost adjustment, and meter rates. This increase will result in a typical house seeing a \$4 per month increase. The cost of the meters and wiring have gone up. Mayor Hemann stated, if I read correctly,

transformers are scarce and at double or more in cost. Councilman Frey noted it has been some time since we raised rates. Director Cook reported in 2016 we had cost of service survey done. We were far below what the rates have should be at that time. We are still below that and costs have increased substantially in that time. When I started here, fifteen years ago, the budget was \$100,000 per year, for just the small stuff like nuts and bolts; now it \$250,000. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Napper voted aye, none nay. Motion carried.

Bill #24-46/RESOLUTION Approving and Authorizing the Fair Solar Credit for May 1, 2024, through April 30, 2025, Pursuant to Section 78-185 of the Municipal Code – Councilwoman Bellm made a motion to approve Bill #24-46/Resolution #24-03-3100 approving and authorizing the Fair Solar Credit for May 1, 2024, through April 30, 2025, pursuant to Section 78-185 of the Municipal Code as attached. Motion seconded by Councilman Frey. Director Cook explained the state made legislative changes for solar structures. We created an ordinance to pay customers back for the energy they are putting back into the system, based upon market rates. Presently, we are compensating people for the value at \$0.1014 per kilowatt-hour (kWh). Beginning May 1, 2024, the rate will be \$0.0539 per kWh. This is something we will approve annually. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Napper voted aye, none nay. Motion carried.

Bill #24-47/RESOLUTION Approving and Authorizing Application to Madison County Agency for Community Transit Community Action Grant Program for a Grant in the Amount of \$27,000 to Seal the Shared Use Paths From U.S. Highway 40 to IL State Route 143 in Highland – Councilman Frey made a motion to approve Bill #24-47/Resolution #24-03-3101 approving and authorizing application to Madison County Agency for Community Transit Community Action Grant Program for a grant in the amount of \$27,000 to seal the shared use paths from U.S. Highway 40 to IL State Route 143 in Highland as attached. Motion seconded by Councilwoman Bellm. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Napper voted aye, none nay. Motion carried.

Award Bid #PW-04-22, Sixth Street Reconstruction Project, to RCS Construction, Inc. – Councilwoman Bellm made a motion to approve Award Bid #PW-04-22, Sixth Street Reconstruction Project, to RCS Construction, Inc., in the amount of \$1,549,285.00 as attached. Motion seconded by Councilman Frey. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Napper voted aye, none nay. Motion carried.

Approve a Notice of Municipal Letting for Bid #PW-02-24, the Street Resurfacing 2024 Project – Councilman Frey made a motion to approve a Notice of Municipal Letting for Bid #PW-02-24, the Street Resurfacing 2024 Project as attached. Motion seconded by Councilwoman Bellm. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Napper voted aye, none nay. Motion carried.

Bill #24-48/RESOLUTION Approving Allocation of FY 2024-2025 Hotel/Motel Tax Funding for Various Applicants/Community Events – Councilwoman Bellm made a motion to approve Bill #24-48/Resolution #24-03-3102 approving allocation of FY 2024-2025 Hotel/Motel Tax Funding for various applicants/community events as attached. Motion seconded by Councilwoman Sloan. Mayor Hemann noted this is a new process. City Manager Conrad reported we had \$47,900 in request applications. Staff is recommending approval of \$44,000. We are seeing some increase in that revenue, and we were able to fund nearly all past requests. Mayor Hemann stated this a new process rather than doing each request individually throughout the year. This makes it a lot easier to budget. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Napper voted aye, none nay. Motion carried.

Bill #24-49/ORDINANCE Approving an Intergovernmental Agreement with Cottage Hills Fire Protection District for Purchase of a Fire Truck – Councilman Frey made a motion to approve Bill #24-49/Ordinance #3332 approving an intergovernmental agreement with Cottage Hills Fire Protection

District for purchase of a fire truck as attached. Motion seconded by Councilwoman Bellm. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Napper voted aye, none nay. Motion carried.

REPORTS

Accepting Expenditures Report #1262 for March 2, 2024 through March 15, 2024 – Councilwoman Bellm made a motion to accept Expenditures Report #1262 for March 2, 2024 through March 15, 2024 as attached. Motion seconded by Councilman Frey. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Napper voted aye, none nay. Motion carried.

NEW BUSINESS (Continued)

Budget Discussion - FY 2024-2025 Annual Budget

Mayor Hemann stated I had the opportunity to sit in on all the meetings this year. City Manager Conrad stated we submit for your review the FY 2024-2025 Budget that shows an anticipated \$885,575.00 dollar surplus. The total budget for FY 24-25 is \$52,140,562, which is about a 4% decrease from FY 23-24. Based on recent revenue data we have anticipated a 4% decrease in revenue, which necessitated the reduction in planned expenses. The FY 2024-2025 budget has been prepared using both the historic metrics of 85% for O&M, 10% for capital, and 5% for replacement/reserves. We have made some minor adjustments in this budget with O&M at 78%, Capital at 12% and reserves at 3% for this budget. This is after having set aside reserve funds the last few years to accommodate the increases in project costs, which necessitated an increase in capital spending as we take on some important projects across this City with this year's budget.

We are still feeling the impact of inflation on our operating expenses. Our diverse sources of revenue and conservative approach to budgeting have protected us from making impactful decisions, but inflation combined with unfunded mandates at the State level have exacerbated the issue of the rate of revenue growth to expense growth. A primary threat we will be watching through this budget year is the slow or stagnate growth of our unrestricted revenue sources that primarily fund our government services of police, fire, parks and streets. Our unrestricted revenues are further threatened by the current State Budget proposal that includes a suspension of the grocery tax, which goes exclusively to local governments. If passed, this will impact our unrestricted revenues in the amount of approximately \$280,000.00. We are already in a strange position of seeing revenue growth in our restricted funds, which allows us to complete infrastructure projects, but seeing financial pressure in our unrestricted funds, which primarily fund operations; this state level budget proposal will only make that position more pronounced. We have managed these issues in the past through delayed hires, attrition and delayed purchases and capital projects. This conservative management approach has served the City well in the past and has us in a very solid financial position to weather these economic pressures until revenues balance out.

Through the FY 2024-2025 budget, we have funded our operations through the full FY 24-25 and are addressing several maintenance and infrastructure needs. We have started implementing new citywide software that should impact city services significantly. In light of these coming changes, we will evaluate our operations for successive years to keep the City on a sustainable path regarding revenue vs. expenses. This means there may be changes in how we deliver services to both the citizens and our employees. Because of the conservative management of city finances in the past and our solid financial position, we have the resources to make cautious, informed and responsible decisions about our operations and what those changes will look like. Staff will focus on finding

solutions that realize efficiencies in operations while minimizing the impact on the citizens or the services we provide. Some highlights of the FY 2024-2025 budget:

Public Safety: After making significant investments the last few years on training and equipment for our Public Safety departments, we are moving into a maintenance phase for the Public Safety Departments. Departments continue to implement technology to help mitigate ever-growing training and certification requirements, and assist in efficient enforcement. EMS will see the largest change this year with the loss of the service contracts for the fire protection districts. EMS will be going down to a single full-time ambulance that will be focused on emergency response for our citizens. I am pleased to report that with this model we anticipate being able to both meet the emergency needs of our citizens and we realistically expect to realize a modest surplus for this department, which is a first for many years because of the Medicare/Medicaid funding issues we have discussed at length.

Public Works: After taking a brief break to set aside funds, we anticipate getting back to water main replacements projects. Street and Alley has the most projects slated for this year with replacement projects slated for 6th street, Laurel Street, Pine Street and Cypress Streets.

Electric will continue in their efforts to migrate the entire system to smart meters making the maintenance, billing and troubleshooting of our system more efficient. We have also budgeted to replace the main breaker in the Northtown Substation and to begin the engineering for the anticipated connection point change with Ameren, which is likely to take place in FY 25-26.

Fiber continues to grow subscriber counts and is completing construction in the final subdivision. Video service continues to be a budget stressor; however changes to the Victory TV contract and delivery point is anticipated to alleviate some of that stress. We expect to see another year of decreased expenses related to that service.

Park and Recreation is looking to maintain its facilities and monitor personnel costs as we see significant increases in minimum wage, while continuing to research options and solutions for the outdoor swimming pool. The inclusion of Glik Park and the KRC in the business district opens up a revenue stream for much needed deferred maintenance projects at both facilities. Two major projects for this year are a new roof for the WCC and a replacement of the KRC parking lot.

Community Development: Code Enforcement is now under Public Safety, but will continue to evaluate structures that require demolition and mitigate derelict properties. In terms of economic development, plans include deploying resources through incentive agreements to encourage development and the continuation of the Facade Improvement Reimbursement Program in the Business District. Our largest project for the year will be completing the process of extending our TIF districts and the creation of TIF 3 for our newly annexed areas of town. We will continue seeking options for an additional hotel as well.

For your consideration, we submit to you the proposed operating and capital budget for the City of Highland's fiscal year of 2024/2025. Items to note include the following:

- A 3% decrease in Operating and Maintenance (O&M) expenditures, coupled with an estimated 4% decrease in operating revenues.
- Transfers to reserves equal \$1,328,500.00 in an effort to stockpile reserves for future needs/deferred projects and mitigate further inflation issues.
- Total expenditures decrease is 4% from the previous year's budget mainly due to reductions in

overall capital spending with no major building projects this year as we have seen the last few years with the PSB and City Hall.

City Manager Conrad ended by thanking Directors, Department Heads, Supervisors and Reanna for their cooperation and hard work during this budget process. He stated, in addition to the challenges highlighted above, we continue to see shifts in the funding sources from the State which make the budget process a little more complex than normal. I was very proud of the flexibility and efforts of the City Staff and their continued professional and responsible stewardship of the taxpayers' dollars.

General Administration

City Manager Conrad reported there is not much in the hopper under General Administration other than deployment of software. Mayor Hemann inquired is there a plan to move general admin back into City Hall soon. City Manager Conrad updated we are awaiting on flooring before we can get them moved back in. Mayor Hemann suggested mentioning how we are funding Tyler Software program through all the departments. City Manager Conrad responded, yes, the Tyler Software is an all-inclusive project that covers everything from finance, HR, requisitions, employee personnel files, utility billing, permits, etc. Right now, the workload is in finance, and then we build up from there.

Public Safety Department

Director Carole Presson stated Public Safety is four separate departments. Each have seen budget cuts in training, personnel, and equipment, the past few years. The police department is down from 29 employees to 24 employees. To make sure we are covering all requirements, we invested in training of our staff. This year we are going to maintain and see if what we have done works for us. Same thing for fire department. For EMS: With the fire districts deciding to go with other providers, we are going to reduce our staff by five members.

This past year, Building & Zoning went down from three staff members to one-and-one-half, because Chris Straub's time is split with the fire department. The reduction in staff, as well as the caseload, we took them into our building so the police department staff could assist.

Mayor Hemann asked Chief Presson to address the additional School Resource Officer. Chief Presson reported whenever we get a request for another SRO, it is the responsibility of school to cover 75% of the cost. We utilize that officer during the summer months. We received this request several months ago. Officer Chris Kloos will be splitting time between Highland Elementary and Primary, this next school year. Officer Briggs will remain at the high school and middle school.

Mayor Hemann pointed out we are paying back for the ambulance that we purchased, last year, over the next five years. Councilman Frey inquired, if there is another SRO, do we need to find another car. Chief Presson stated we have one already. Councilman Napper asked do they come wrapped already. Chief Presson responded, no, we purchase through state bid package and we were able to get it wrapped the same as the other SRO vehicle.

Mayor Hemann added the new fire truck, which we saw at the last meeting, will be paid back over the next five years also. Chief Presson pointed out Cottage Hills, which is a smaller district, is purchasing the other fire truck per the agreement the council approved tonight.

Community Development

Economic Development

Coordinator Mallord Hubbard reported this area will continue to look at single-family home incentives. Other areas of initiatives for this year include: marketing, software, façade improvement

programs, completion of extensions for TIF #1 & TIF #2, along with creation of TIF #3 to cover recent annexed areas. Notable expenses: \$260,650 Hospital bond installation that we continue to pay and the costs associated with extension of TIF #1 and #2 and the creation of TIF #3. For the Business District budget, this will be the first fiscal year that we realize the additional half-percent sales tax increase. Funds will be expended to pay Public Safety Building bonds, City Hall renovations, and \$200,000 towards the Weinheimer Community Center's roof.

Coordinator Hubbard stated we plan to renew the façade improvement program, as well. We certainly prioritize the improvements to the square. Businesses will come and go, but we will continue to do what is in our control to assist them. Mayor Hemann inquired is there a certain amount of time those receiving funds under this must operate an established business in that building to receive those funds. Coordinator Hubbard replied no. We view it as improving the real estate for the next tenant. Councilman Napper asked is there any types of programs that the city have to assist businesses, if they are struggling in an area. Coordinator Hubbard responded we are willing to hear any struggles a business may be having and I am always happy to direct them to state and area programs. There were a lot of funds and programs during COVID and in the recovery period; however, a lot of those programs and funding options have closed up. There are still areas we are able to direct and assist, though.

Public Works Department

Streets and Alleys

Director Joe Gillespie reported the major initiative this year will be 6th Street project, which council awarded the bid tonight. We expect construction to be done before the end of the year. There will also be the resurfacing of Laurel, Pine, and Cypress Streets, from 6th Street to Broadway. There is \$27,000 budgeted for seal coating the Shared Use Path from US 40, along Koepfli, to State Route 143. We are hoping to receive grant funds to assist with that project.

Water

At the Water Treatment Plant, the last major improvement was in 1993, so we continue replacement of process control devices throughout the plant, replace HVAC units and rebuild high service pumps, and siding on the exterior of the building. For Water Distribution, regulations are a hot topic for the EPA. We will continue to update the water service inventory for EPA compliance. We will look at potential areas of lead services in our system. It seems to be a nationwide focus to remove lead from service pipes, so I foresee mandates coming.

Sewer

For sewer, we will continue with the Cured-In-Place (CIP) pipe lining. Director Gillespie stated I am happy to say that 90% of calls received into our department, due to backups, are due to issues not on our side of the line. He attributed that to the effort the city has put into addressing the mains and connects with this program. He added we are a city of 60 miles of sewer lines, and yet we only have four lift stations. So, we are very fortunate. This year we plan to address equipment in those four lift stations.

City Manager Conrad reported we have put a pause of right-of-way agreements for future projects, as we need to focus on Poplar Street.

Councilman Frey inquired, with the street resurfacing projects, does that include replacing curbing. Director Gillespie responded it does not. Mayor Hemann noted that should some need to be replaced, once we get into it, hopefully our street crews can work with that. Once they start cleaning the existing surface off, it may take some of those curbs fall off. Director Gillespie reported the resurfacing of these streets was last done in 1993.

Mayor Hemann asked if there are any major equipment purchases planned. Director Gillespie reported we will be replacing a dump truck and excavator.

Director Gillespie pointed out the 6th Street Project is a complete reconstruction of the roadway. New road surface, which will be all concrete and new curb and gutter, and sidewalks. Mayor Hemann asked when we resurface, we will be doing restriping of parking spaces and crosswalks. Director Gillespie replied yes. Mayor Hemann expressed I am always impressed how you bring in all division heads into the process and the pride they all take in their areas. City Manager Conrad agreed their perspectives on the different areas is great.

Fiber to the Premises

Director of Technology & Innovation Angela Imming reported our last build out this past year was north of Daiber Road, in the Crestview and Tamarack area. This year we look to complete the Prestige Estates area. That will complete build out. Those projects were completed with ARPA funds. Last year, we directly and very harshly experienced the issues with video programming that is occurring in the market. However, as a result, we were able to skinny our bundles down and streamline our processes. In 2025, will be reengineering some of our network services. We expect to receive money in form of the grant to build our FTTP to extend services. We chose to go out south to Bellm Road, for this project, as part of expansion to rural users, and with the expected development to occur as a result of the new grade school construction. We are designing a solution to allow our HCS customers to make changes to their services 24/7. We are hoping to get those young adults that change up their bandwidth at 11:00pm at night.

Electric Department

Director of Electric Dan Cook reported the proposed budget includes \$1.7M less projected revenue. We adjusted for reality. The majority of the revenue will be spent on purchasing the electric, so it balances because of less expenditure. In the upcoming year, we will be entertaining a new contract with IMEA for power sales contract. In generation, we converted the old generators out and made that area into an equipment repair facility. We are able to perform PM oil changes. We moved a skidder trencher from last year's budget into this year. We will also replace aging Westside substation breakers. \$400,000 budgeted for transformers we ordered over one year ago, which we hope to take possession of in this budget year. We only lost one transformer in the storm this past week. Then this weekend we lost another one. We are moving things around. At the VFW, we will be changing out their lighting and with that we can salvage possibly seven transformers. This is how we managing the shortage in the market. Councilwoman Bellm asked if there something that can be done to change this. Director Cook reported we talked to legislators in Washington DC. There are new rules to make things more energy efficient. When they spoke about building the new Flax Drive development, I looked and we do have what we need for that. Those have been marked for that project. There may be a time when we will have to swap transformers that are not being used or are underutilized and relocate to other areas.

Director Cook stated I thought it may be nice to install three new light poles on Main Street near the post office. With upgrades made, over the past few years, to the system, we can roll from one substation to another without people noticing. Plans are in the budget to take down the Poplar Street Substation and restructure it with a new pad. It was asked if transformers could be pulled from unoccupied property or residences. Director Cook explained a typical transformer serves multiple residences. We have been marking transformers for upcoming projects that we know are coming down the line. Director Cook added he recently saw a report that the average time out for Ameren customers, in an emergency, was over 2 hours; we are under 1.5 hours on average.

Parks & Recreation Department

Director Rosen reported the budget includes two major capital projects: pave KRC parking lot and replacement of the Weinheimer Community Center roof. The KRC is seeing an increase in revenue. As far as the outdoor pool, we are hoping to repaint this spring. Beyond that, we will wait and see what happens when we go to open it up. The Weinheimer roof is over twenty years old. After we get that taken care of, we will focus on the interior. As far as the cemetery, we will maintain what we have and do some road improvement out there, in this budget year.

Mayor Hemann noted that the pickleball courts will not be addressed in this budget. Director Rosen reported the Girl Scouts are going out for fundraising. Depending on their efforts, we look for additional funding. We are asking them to do at least \$28,000. City Manager Conrad added, internally, public works would assist with removal of fence. Director Rosen stated we are looking at an estimate of \$78,000 for this project. We could also use PPE grant funds next year.

Mayor Hemann noted the Thursday night concerts on the Square will happen. Director Rosen responded yes, Thursday night concerts will begin July 11 and go into September with bands from Nashville, Chicago, and New York.

Miscellaneous / Library

Director of Finance Reanna Ohren stated everything is pretty much the same as last year.

City Manager Conrad reported we talked to Scheffel Boyle about increasing our audit levy for next year, because of the audits have become more detailed. We have and do a lot of other things that other communities do not have or provide. As a result, the demands on the audits are more expanding. At the next meeting, the council will be asked to approve public viewing of the proposed budget, to be available April 2, 2024 and setting a public hearing date for April 15.

Councilwoman Sloan made a motion to approve the request of VFW Post and American Legion Post for the Memorial Day Parade, on May 29, 2024, starting at 1:00pm at St. Paul's Church parking lot and processing to the VFW Hall, as per attached application, including donation to offset the cost of the band as attached. Motion seconded by Councilwoman Bellm. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Napper voted aye, none nay. Motion carried.

Councilwoman Bellm made a motion to adjourn. Motion seconded by Councilman Napper. All aye, none nay. Motion carried. Meeting adjourned at 9:11pm.

Kevin B. Hemann, Mayor

Barbara Bellm, City Clerk