

**MINUTES OF SPECIAL SESSION
FISCAL YEAR 2011-12 BUDGET DISCUSSION
HIGHLAND CITY COUNCIL
MONDAY, MARCH 14, 2011**

Mayor Michaelis called the Special Session to order at 6:00pm. Council members present were Bardill, Bellm and Zobrist. Councilman Schwarz was absent. Others in attendance were City Manager Mark Latham, Directors Gillespie, Rosen, Rusteberg, and Schoeck, Police Chief Bell, Interim Fire Chief Rick Bloemker, EMS Captain Crosby, Supervisors Buss, Lengermann, Limestall, Parker and Zimmer and Asst. Director of Finance Kelly Korte, Staff: Brad Koehnmann, Nancy Gramlich, Mike L. and Laura Wilken, Deputy City Clerk Hediger, City Clerk Bellm, Council-candidate Nicholaides and one member of the news media.

Parks & Recreation

Korte Recreation Center

Director Mark Rosen reported, since the FY 2007-08 budget, our department's revenue is up 3.5% with expenses down, allowing us to set aside \$63,000 in the overall budget. The only increase in critical measures is revenue per member; everything else is down. The cost for members is up, while cost per member is down to \$183.29 from \$185.85. Capital projects budgeted for the upcoming year include \$15,000 for replacement of the decking on the top of the water slide and repainting the slide components; \$20,000 for replacement of pool pumps, although, we are hoping for an energy efficiency grant to pay some of the cost. In order to maintain quality equipment, we have budget \$6,000 to replace some of the older fitness equipment.

Parks & Programs

Revenue dedicated to O&M has been decreased to 87.9% (down from 91%). The biggest factor is that personnel costs are down, which is a big feat, since minimum wage continues to increase, and heavily impacts our department.

With the Comfort Station Tax revenue, we are still trying to get the additional restrooms constructed at Silver Lake Park. One complication has been getting water to the desire site, but we will get it there. Over the past few years, it has been a goal of mine to get new play surface in at each park. With that accomplished, I would like to get additional for each park. This year, we will look at adding to the surface by the Civic Women's Club play area at Glik Park or under the swings at Merwin Park. \$44,000 has been budgeted to repave the oldest section of trail at Glik Park. Plans are to trade off two trucks that are becoming costly and safety issues for the department, with \$15,000 budgeted. We are considering purchase of a golf cart in place of one truck for use at Glik Park.

Outdoor Swimming Pool

The outdoor pool had a banner year, this last year. Aquatic & Facility Manager Laura Wilken used averages between the 2009 season, which was not so great, and 2010. With the budget presented, we are decreasing revenue dedicated to O&M from 78.2% to 72%. Actual operating cost for the pool to operate, without personnel costs included, is \$538.30 per day. We have no capital expenditures planned in the upcoming year; however, we are still trying to work with the Illinois Health Department for a permit to install the filter system before opening day of this year.

Cemetery

Director Rosen summarized the cemetery operations are relatively new for our department; however, we are projecting revenue to exceed expense by \$24,480 this year. In the upcoming year, we would like to do some road replacement. This will include working on a new entrance layout, and replacement of concrete portions of roadway and gutters in the older section. Mayor Michaelis asked if the new entrance included the landscaping. What is the timeframe for this? Director Rosen reported at the next cemetery board meeting the landscapers will give a presentation on different layouts. Once a layout is selected, they will provide a budget and phases will be established. Three Way Creations and Brian Korte Landscaping will be working together on this.

Mayor Michaelis inquired about the status of fixing the headstones. Brad Koehnemann explained, because of temperatures, it has been difficult to do this winter; although we are where we projected to be in April. Another ten broke due to weather conditions this year, but we are ahead of schedule. Mayor Michaelis asked if maintenance is being done currently. Brad responded yes. Lager Monuments recommends that temperatures stay above 60-degrees when working with the epoxies.

Councilwoman Zobrist asked if the fiber services would affect the amount of franchise fees collected, which goes towards the outside pool. City Manager Latham reported we are charging a franchise fee on the fiber services; therefore, if someone uses our fiber that remains. Councilwoman Zobrist inquired about the money set out into the budget for FY2014-15 for Korte Rec Center expansion engineering. Director Rosen explained we plan to do a study to figure out how we can expand whether it is more classrooms, exercise area, or gymnasium space, based upon what activities would be more advantageous for those we serve. Based upon that, we want to anticipate any engineering costs associated with that. Councilwoman Zobrist inquired this would not affect the outdoor pool at Lindendale Park, which is used a lot. Director Rosen replied no.

Director Rusteberg stated this department is lean and trim. They are exceeding the expectations of the programs budgeted, and are finally able to set money aside. Director Rosen added we are trying to be more diverse and meet everyone's needs. Director Rusteberg pointed out half of Ryan Hummert's salary comes out of the water department, because he works with the Clean Lakes Programs. Councilwoman Bellm commended the department's efforts. This is great to see. Director Rosen stated it is a team effort. Mayor Michaelis noted, it is indeed great to see. Not too many years ago, the department was operating in "the red".

Public Works

Street & Alley

Public Works Director Joe Gillespie pointed out there has been a staffing change in each one of these divisions, affecting the budget. Most recently, one employee from Street & Alley has moved over to the electric department. The position of engineering technician was eliminated and tasks consolidated into other positions, which affected Water, Street & Alley and Sewer divisions' personnel costs. With Non-Home Rule Sales Tax revenue, 80% is designated to go towards roadway construction or reconstruction projects. In the next year, we will continue engineering for Iberg Parkway, which is the planned Northeast Quadrant of the peripheral route, spanning from Michael Road over to Route 40. We will work on getting approval from the ICC, engineering, and submitting for grant funding for this project. Twenty-percent of Non-Home Rule Sales Tax revenues are designated for repairs. Our first focus will be pavement repairs on Larkspur, Tulip and Periwinkle. In addition, we want to complete rehabilitation of Troxler Avenue to correct the uneven surface. We will present a NOML in the next few weeks, with plans to have the work done during the summer months and completed by the time school starts. Mayor Michaelis inquired about traffic flow during this project. Director Gillespie stated we have three lanes available; plans are to work one lane at a time. A resurfacing of Cypress Street, from Broadway to 6th Street is planned.

We have applied for two federal (STP) funds for the upgrade of Sportsman Road, from Frank Watson Parkway back to the Korte Rec Center, to make it look like Sportsman Road from Route 143 to the entrance of Glik Park. Funding has been applied for the improvement of Broadway from Helvetia to Oak Street. Improvements would include a new surface with three lanes, curb and gutter, and enclosing drainage. If approved for the funding, we would not be able to spend it for five years. This is the same federal funding used for improvements made for Poplar Street improvements. It is a great source of funding, while complicated and lengthy. City Manager Latham stated if someone else is, in the five-year period, cannot come up with the matching funds, and then we would be given the opportunity to move up in the timeframe. Director Gillespie

noted that is what happened with the Lindenthal Avenue improvements. If we do not get federal funding for Broadway, I am considering moving the 6th Street project funding over to this project.

A sidewalk extension is planned along Route 160 from US 40 to Troxler Avenue. A grant has been applied for to fund extension of sidewalk along the north side of Troxler Avenue from Augusta Estates to the Highland Middle School, and tying into the pedestrian signal at intersection of Troxler/IL 160, under the Safe Routes to Schools program. It will be middle to late 2011 until we know if we get that grant.

The Street and Alley division anticipates a reduction in rental fees by about 50%, due to owning its own excavator, which has been a great asset. Water Treatment Plant is looking at ways to cover the existing clarifier and bringing an older clarifier back on line, to help with taste and odor issues and maintenance. The Water Reclamation Facility is focusing on upgrading plant equipment, which was last upgraded in 1997, and evaluating the use of a new polymer to reduce chemical costs by 30%.

Water

The Water Distribution division continues working on remote metering. There has been a lot of interest by staff in doing their own water main installation. We will be doing a pretty large project with replacement of a main along Pine Street, from 13th Street to 17th Street. Crews presently are working to finish connection of services to a ten-inch main that they replaced on 12th Street.

Sewer

The sewer division has made good use of the sewer jet/vactor truck and camera equipment. It allows us to respond and resolve backups quicker, and be proactive with cleaning of mains on a regular schedule. Director Gillespie reported he has been working with Director Rusteberg and City Manager Latham on a way to get a program started for proactively replacing the older mains. The sewer, in the downtown area, was installed in early to mid-1920s, before the streets were paved. In situ form has come up with a product that lines existing mains with a cure-in place liner rather than doing a complete tear-out. The process (in simple terms) is like an inverted sock that is put into the line. Heat and air is used to expand and cure the product into place. City Manager Latham noted, many years back, money was put into a budget to fund such projects; however, the funds were absorbed versus full rate increases. It has come to a point where we need to look at this again. Three years ago, there was 162,000 feet of sewer lines. Director Rusteberg reported there is a bond issue coming off in 2018 that we can use, along with a few rate increases in the interim to address this. For years, Gervase Ottensmeier would ask for \$400,000 for I&I and we would only give ~\$75,000. Mayor Michaelis asked when the last rate increase was. Director Rusteberg replied 2008.

City Manager Latham summarized the Public Works department staff has driven down O&M costs and are very efficient about what they are doing. Additionally, staff is doing some of the service and improvements in-house. Director Rusteberg reported, this month, we are making our last payment on the water bond, so that will free up some funds. Councilwoman Bellm stated we need to take care of the older section of town. Director Gillespie noted sanitary sewers are out of sight and out of mind when they work; when they don't it is the most important thing. We have budgeted conservatively, considering the economy, and the inconsistent payment schedule from the State of Illinois.

Councilwoman Zobrist asked if the sewer replacement plan would be adjusted from the plan presented to the council two years ago. Director Gillespie stated, as part of the project, it would include rehabilitation of manholes and service connections. We are using the same priority system; however, they have changed based upon defects. Councilman Schwarz asked would there be any savings or synergy in contracting it all at one time versus doing small sections. Director Gillespie acknowledged, generally, with construction, you get a better price with volume. Councilman Schwarz noted it would depend on how much of a savings, considering the cost of a loan for a large project. Director Rusteberg noted a bond or loan would be used to fund it; however, with the economy, it is a good time now. Councilwoman Bellm stated the more proactive we can be limits our cost when something happens and we have to react. Councilman Schwarz pointed out money is cheaper now, as are labor costs, than they will be in three to five years. Councilwoman Zobrist stated it seems the winter weather was difficult on alleys. Supervisor Mike Lengermann acknowledged this winter was harder on the alleys. It has

been several years since some of the alleys have been addressed. Councilwoman Zobrist inquired if the some of the solid waste funds goes towards alley repairs. Director Rusteberg replied yes.

Police Department

Chief Bell reported we expect a 2.5% increase in revenue. Most of the increase in the department's budget will be for salary and fuel. With rising fuel costs anticipated, we have included a \$12,000 increase in fuel expenditures. We continue to leave three positions vacant (Assistant Chief, Community Service Office, and an administrative assistant). The budget includes another year of the contract with the school at a fifty-fifty split on costs for the School Resource Officer (SRO).

\$65,000 is budgeted to replace two patrol vehicles and a new phone/radio call recorder system. When the vehicles get into the 90,000-mile range the costs for maintenance increases, as does personnel safety concerns. Parts for the existing recorder system are becoming obsolete. Included in the budget is on going training; continuing a lot of directive investigations to keep our community safe; and, maintaining our computer replacement program. There are not a lot of changes, in the budget from this year. We are trying to do more with less; consolidating as much as we can. Councilwoman Zobrist asked if the patrol cars would be funneled into another department. Director Rusteberg reported one would replace a vehicle used by the IT Specialist, which previously was used by Building & Zoning, after being passed down from the police department; the electric department will purchase another vehicle. Chief Bell reported these would be slated for council's direction at the next meeting. If approved now, acquisition will be in October 2011.

Councilman Schwarz asked what does the city get in exchange for having a SRO at the school. Chief Bell explained, previously, it was a 90/10 split, with the school paying 90% of the costs and we utilized the officer for the summer months. Councilman Schwarz questioned the value for the costs, stating he thinks the officer could be better utilized on the streets. Councilwoman Bellm stated if the presence of an officer is a deterrent, then there could be value. Chief Bell stated he hopes to meet with the school superintendent, shortly, to discuss the program. Councilman Bardill stated we are very fortunate. The sheriff's department does 3-4 arrests at Alton High School each day. Even a regular walk-thru by an officer could be effective.

Councilman Schwarz cautioned not to base all market research on GSA pricing. Chief Bell stated we do look at local dealers, because some times it can be beat. Councilwoman Bellm expressed I love seeing you and staff's presence at pubic events. It is important that children learn that officers are approachable.

EMS

Critical measures set into the proposed budget for the Ambulance Department are that revenue dedicated to personnel not exceed 62%. Our goal is to maintain our collection rate, which is currently at 82%. Revenue dedicated to O&M does not exceed 75%. We are putting off the scheduled ambulance replacement until next year. This year's model would be the first for the new emissions standards. The last unit we purchased was one of the first engines with a new emission standard and we had significant issues. While the repair costs have been under warranty, there are still towing charges. We just don't see enough need to justify it at this time. \$18,000 is budgeted for replacement/updating of existing laptops and docking stations. We would like to move the current units to the fire trucks. This would provide reserve units for us, should something go down. It also provides connectivity for the fire department.

We budgeted at 97% of our current net collection on property tax. With foreclosure and other property issues, we do not want budget shortfalls. There are more people on Medicaid and a longer lead-time for payment from the state. Account 470.00, as shown in budget, will be reallocated, as we purchased the stretchers at the last meeting. Fuel costs have been increased. Captain Crosby stated there are not a lot of things we can do to reduce ideal fuel costs. We have to ideal to maintain temperatures inside the trucks, whether in the winter months or the summer, to protect the medication and supplies.

We are trying to look at options for reducing overtime costs due to workload fluctuations. Potentially, scheduling a third truck during peak times, then should we be short on staff, we would shut that truck off and use the staff for the two. We have been looking at the stability of our collections billing. With Stephanie, we have been able to achieve a relatively high collection rate consistently. When she was on medical leave, we

used an outside agency for a while and found we could do it in-house more cost effective. One thing we are exploring is extending our billing services to neighboring agents. Most companies are paying up to 7% for billing services. We think we may be able to provide a better billing service benefit to neighboring agencies while stabilizing that area. It would then provide a more solid foundation should Stephanie be out.

Councilwoman Zobrist noted money is being put into reserves for a new facility. Are we going to put it out for a referendum before building such a public safety facility? City Manager Latham stated we need to get to a point where we have a needs assessment done and develop a planned use. Once the Korte Rec Center Bond is paid off, a bond could be used to pay for such a facility. Captain Crosby stated EMS has an unpredictable call volume. Several years ago, Councilman Mike Riffel suggested the department set aside money when call volume was higher than anticipated. Therefore, anything over 90% of budgeted revenue goes into a reserve fund. Your question is whether the citizens will have input as to what type of facility to build and where.

Fire Department

Interim Chief Rick Bloemker reported the budget will cover basic operating needs. There is an increase of \$25,000 for equipment to replace bunker gear. By NFPA standards, the gear is to be replaced every five years. There are also increases for diesel fuel and parts/maintenance costs. Councilman noted the study that is scheduled to be done might drive costs in the budget. Rick acknowledged it might. The training budget is about the same. We are doing training in-house. Mayor Michaelis asked how many firefighters are certified. Rick replied twenty are certified. Ten are going through the certification process. It takes 3-4 years to get the certification process done. Our firefighters are volunteers, with families and full-time jobs, so it takes some time. When they are first brought in, there is a six-month probation in which they learn to work the trucks and do the certified respirator program. Until they get their CBA certification done, they cannot wear the breathing apparatus. We are trying for a forty-man roster. City Manager Latham pointed out it cost \$20/capita for the fire department. Interim Chief Bloemker reported a lot of the structure fires are rental properties. We are fortunate, in that a lot of the homeowners take pride in their homes and property, which makes the department's job easier. Captain Crosby pointed out firefighters work 40-50 hours per week to support their families and have family commitments, in addition to coming up there for training. They should be commended for their dedication.

Building & Zoning

Kevin Limestall reported our budget is up just a little bit. Initiatives planned include a program to improve customer service and use of a customer survey program. We want to finalize integration of Building Permit Data into the GIS system. This will provide police, fire and EMS with history and detailed information to assist them. We want to explore being able to provide detailed support for our business community with information, whether through the website, social networking venues, etc. Additionally, we will be reviewing our fee schedules and costs for providing services; working with a kiosk as part of the National Road program and other tourism programs; and looking to establish a citizen panel to guide green building design and regulation, to make codes more energy-saving and green-friendly. Many builders want to do this stuff already; however, they are hesitant because of conflicts with regulations and/or building codes that exist. With the proposed budget, O&M will not exceed \$30/capita; presently, it is at \$25.19.

We have a grant in process for flood mitigation. If we receive the grant, we would use the funds to purchase two properties along Woodcrest Drive. One property was used for a doctors' office and the other is PALS Daycare. Another grant we have started is the Economic Development Administrative Grant. This can be used to anticipate for future needs of the city for streets, sewers, water and even retrofitting existing structures with things such as fire sprinkler systems, to attract business. Businesses looking to move are attracted by shovel-ready sites. We want to make sure we have a funding mechanism available to create such a site. The Neighbors Helping Neighbors program will continue. This year, the program assisted a resident whom for five years did not have a working furnace. Related to the flood mitigation grant, we propose setting aside funds for demolition of the structures, should we get the grant to purchase the properties.

Councilwoman Zobrist asked since eliminating the Community Service Officer, how are those issues being handled. Supervisor Limestall reported we handle everything except stray animals and vehicle

complaints. We communicate with the police department and vice-versa on issues. Councilwoman Zobrist asked is the department able to be proactive on matters or reacting to complaints filed. Supervisor Limestall replied a little bit of both.

General Administration

Director of Finance Sharon Rusteberg reported, under General Administration, we continue to set aside at least 3% of revenue for capital replacements and at least 2% for cash reserves. The budget reflects a reduction in personnel cost by combining Assistant Director of Finance and the Director of Finance jobs. We hired a more skilled accounting person in the front area that should help assist Kelly with the billing once I retire. Under Capital Expenditures, we finally have received all new cloth chairs for the Council Chamber, which we hope will absorb some of the sounds. The budget includes funds for replacement of HVAC units and computers as needed. \$95,000 is budgeted, as planned, for the surfacing of a parking lot next to library. While providing parking for the library, it can also be used for public parking for downtown events.

Human Resource Director Lisa Schoeck reported we plan to continue working with the city's loss prevention provider to reduce or contain costs; put together a cost for service proposal request for the city's property, casualty and worker's compensation coverage; work with health insurance carriers, brokers and the committee to reduce or maintain health insurance costs. In addition, we hope to successfully negotiate three labor contracts with minimal cost increases.

Councilwoman Bellm made a motion to adjourn; seconded by Councilman Schwarz. All council members voted aye, none nay. Motion carried. 8:07pm.

Joseph Michaelis, Mayor

Barbara Bellm, City Clerk