

**MINUTES OF REGULAR SESSION
HIGHLAND CITY COUNCIL
TUESDAY, JANUARY 16, 2018**

Mayor Michaelis called the Regular Session to order at 7:00pm. Council members Schwarz, Frey, Bellm and Nicolaides were present. Others in attendance were City Manager Mark Latham, Asst. City Manager Peck, City Attorney McGinley; Directors Bell, Cook, Gillespie, Korte, Rosen, and Schoeck, EMS Chief Wilson, Deputy City Clerk Hediger, and City Clerk Bellm, Director of Latzer Library Kim; Steve Kyle, of Oates Associates, Scott Hunt, of Hurst-Rosche, Inc., 5 citizens and one member of the news media.

MINUTES

Councilman Schwarz made a motion to approve the minutes of the January 2, 2018 Regular Session as attached; seconded by Councilwoman Bellm. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

PROCLAMATION

Mayor Michaelis read a document proclaiming January 21-27 National School Choice Week.

PUBLIC FORUM

Citizens' Requests and Comments:

Bunny 5k Fun Run and Walk Street Closure Request – Amanda Passmore, Representative, Highland Community Schools Parent-Teacher Organization Representative, requested approval for a Bunny 5k Fun Run and Walk on Saturday, April 7, 2018. We are asking for use of the streets and police management for the intersections and traffic control. Mayor Michaelis asked Director Bell if the department was aware of this. Director Bell replied yes, we are aware of the request. Councilwoman Bellm made a motion to approve the request of the Highland PTO to hold a 5k Fun Run and Walk on April 7 as attached; seconded by Councilman Schwarz. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

2018 Race & Fair Event Dates Request – Sue Zobrist, 11308 Ellis Road, St. Jacob, as Secretary of Madison County Fair Association and Manager of Highland Speedway, requested approval of race dates and fair dates for grandstand event. Wayne Steiner, 35 Meadowlark, President of the Madison County Fair Board was present. Mrs. Zobrist stated we have 29 races, plus the fair week events, scheduled for this year. This will be the 125th year for the Madison County Fair. Councilman Schwarz stated I see you moved the track test time back one hour towards the end of the year. Is there a reason for that? Mrs. Zobrist explained when school is “on,” we move it up so that we are done by 8:00pm. When school is out, it is easier for the guys to get there when the time is scheduled later. We try to be good

neighbors. Is there a change you would like to see? Councilman Schwarz replied no. I just was wondering the reasoning. I think you do a good job at getting it closed down. Councilman Schwarz made a motion to approve the 2018 race dates and fair event dates as attached; seconded by Councilwoman Bellm. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Requests of Council:

No comments or requests.

Staff Reports:

Hurst-Rosche, Inc. Presentation on Potential IEPA Loan Project for Water Main Replacements - Scott Hunt, with Hurst-Rosche, Inc., reported City Manager Latham and Director Gillespie asked us to prepare plans based upon rate increases and EPA loan and rates. In 2015, we did a rate study and recommended two 16% annual increases, followed by 3% annual increases for the remainder of the twenty-year study. This was to cover \$330,000 in annual water main replacements. The City Council decided to implement two 16% increases and one 3% increase, as they did not want to commit to extended water rate increases without further studies documenting replacements actually needed. The 2017 has recommended 120,000 linear feet (LF) of water main replacements, which is 25% of the entire distribution system. Estimated total cost is \$14,510,000 or \$750,000 per year over a twenty-year period. Based upon the city's request, we looked at a low interest EPA loan and look at what type of rate increases would support that debt service. The EPA loan would allow for a large portion of the lines to be replaced now rather than waiting twenty-years to replace problematic water mains. We looked at loan options though 2038, for a twenty-year loan period.

We got more recent audit results back from the city and used that to update the study done in 2015. The 1.5% option showed it would support about \$500,000 in debt service, for total project costs of \$8.15 million, which would replace 57,000 LF of water mains. The 3% option supports an annual debt service of \$690,000, allowing for total project costs of \$11.2 million. This would replace 79,000 LF of water main, which would be 70% of the total 112,000 LF recommended in the 2017 Study.

Mr. Hunt reported when we meet with staff, they kept discussing three primary areas. These critical water mains, with a total estimated cost of \$1,683,000, are Broadway from Route 160 to Poplar Street, \$643,000 cost; Route 143 from Highway 40 to Troxler Ave, \$643,000; and, in the White City area, \$390,000. Total estimated cost of \$1,683,000. The summary page shows three options with a 1.5% and 3.0% annual increases, the original rates study, and how those breakout into project costs and debt service. The average current monthly residential customer has a usage of 3,500 gallons per month, and a monthly bill of \$31.39. With a 1.5% increase, that would be a \$9.04 per month increase over the 17 years of the study. A 3.0% increase would be an increase of \$20.49 per month over the remaining 17 years of the study.

EPA loans take 12-18 months to submit applications, permits and loan information. If you do it all under the loan, it would be 2020 before you could start. If you want to get started on these three critical mains, you could look at selling bonds to fund those areas, until the EPA loan is in place. Mr. Hunt pointed out that the EPA does not necessarily want you to have positive income in the loan process. Typically, we are seeing 2-3% increases in water plant operations due to chemical treatment costs and equipment. We are used that as a basis for the cash flow summary spreadsheet. It truly comes down to getting a feeling for what everyone is comfortable with and what kind of projects you want to complete.

Councilman Frey clarified before the study done, we were looking to replace 25% of the mains that were clay. Mr. Hunt reported there is 112,000 LF of clay mains in the system. You are only replacing about 50% with the 1.5% option; and, about 75% with the 3% option. So, you will not get all of

those clay mains replaced. Councilman Schwarz asked the old lines are clay. Mr. Hunt replied clay and cast iron. Councilman Schwarz asked this is to put lining into those pipes, or is this a straight up replacement. Mr. Hunt replied this is all straight up replacement. Councilman Schwarz asked why we could not use cured-in-place with these lines. Director Gillespie explained that process and material is for use with sewer mains. Council member Schwarz asked how many breaks have we had in these critical lines. Director Gillespie reported that in 2017 we had 25 breaks. Of those 25 breaks, 50% happened on those three critical lines. Councilman Schwarz asked what the cost to fix a break is. Director Gillespie estimated \$1500 plus 24-48 hours of boil orders for our customers. Councilman Frey pointed out these three mains effect our commercial areas. This last time, it affected one our largest employers. City Manager Latham noted when you have 400 employees and they cannot use the restroom for 2-3 hours, it becomes a problem. Additionally, this was the second break in a year.

Councilman Schwarz asked what is so attractive with an IEPA loan. Mr. Hunt explained the interest rate 2.0-2.5%, in the past. The last one issued, last year, was 1.89%. Councilman Schwarz asked what a bond rate would be. Finance Director Kelly Korte responded 4-5%. City Manager Latham added with bonds, the rates have to cover the debt service.

Councilman Nicolaides asked, if we tear out along Broadway for replacement of the line, would the state pick up any cost of repaving. Director Gillespie stated we hope to get this done in anticipation of the next fifteen-year replacement of repaving. The last repaving was eight years ago. Councilman Schwarz asked, the \$1500, does not include the cost of street and alley staff. Director Gillespie replied, yes it does include that. You have the cost of the water distribution staff, plus Street & Alley staff to replace the pavement.

Councilwoman Bellm stated I feel we need to find funds to begin replacing those three critical mains and at the same time begin pursuing the IEPA loan. Director Gillespie reported, in 2015, we proposed with the rate study to do 3% increases. We only implemented the one 3% increase. Our intent is to do an incremental increase to keep up with the cost of operations and maintenance of lines. Councilwoman Bellm stated a \$10 increase after a ten-year time period is reasonable in comparison to the other costs of living. If we are flush, at some point, we can take the rate down. Councilman Frey agreed we need to explore funding for the three critical lines and begin the application process for the EPA loan. Councilwoman Bellm noted there is a cost to going out and repairing the lines. Councilman Schwarz stated the cost of repair is not the factor. We want to be business friendly. The best incentive we can provide is sound infrastructure. A 1.5% increase is reasonable. The numbers do not support why it appears we get 57,000 LF at 1.5% increase, and only 79,000 LF with 3%. There does not appear to be any economy of scale. Mr. Hunt explained that is because you do not have a base, it is a percentage increase. Director Gillespie added to get the best return on our investments, you do not want to replace lines before their maximum life. Councilman Schwarz asked is the 1.5% the "sweet spot?" Mr. Hunt stated if look at the spreadsheet and projections, with the 1.5% increase, you will be back where you were at before implementing the initial 3% increase. With both options, you are making a huge impact on your system. Tackling 50% or 70% is a huge commitment to your customers. I have worked with other suppliers that choose to do nothing and then when a big replacement has to be done, they have to impose large increases. Smaller increases are easier to accept by the customers. Councilman Frey recalled it was in 1970s the city began using PVC pipe. We should have a pretty modern system once we are done with these improvements. Director Gillespie agreed. Mr. Hunt stated, as someone from out of town, that Route 143 line is a main feeder into town. If you have a large break in there, it could be devastating. Director Gillespie reported, on that line, Troxler Avenue and north is about eight years old. The critical line needing replacement, in that area, is Troxler Avenue and south.

City Manager Latham reported that Congressman John Shimkus has gone out of his way to put together a meeting with CSX at the APPA conference. We hope to get an answer with CSX on what we are going to do with the culvert near Poplar, with regards to drainage and the FEMA maps.

NEW BUSINESS

Assistance Reimbursement Adjustment/Removal – City Manager Latham reported we had four men come into my office seeking assistance over the past few years. In 2008, we put together this program. Since the economy is getting better, we are looking at budget line items. We feel the townships have the ability to tax for this assistance; we do not. Finance Director Kelly Korte explained when reviewing the budget, I noticed the line in there and began looking into how this came about. Funds are reimbursed to HACSM, St. Vincent DePaul, Saline Township, and Helvetia Township under this program. I am looking for direction from the council on whether to continue doing it for the townships, if they still have the ability to tax for it. Councilwoman Bellm stated I remember this coming up, because of the economy. To my knowledge, HACSM and St. Vincent DePaul do check carefully to make sure that those requesting the assistance really do need this assistance. Councilman Frey stated I spoke with someone from one of the townships. They assured me that they do thoroughly vent those they are assisting. Director Korte reported of the approximately \$32,000 provided, last year, 42% went to Helvetia Township and 26% to Saline Township.

Councilman Frey asked does all of this money come back for city utility bills. Director Korte explained the agencies do the venting. After paying the utility bill, or a portion of it, they (township or organization) submits a bill each month showing how much assistance they have provided. We reimburse them 30%. If we provide only to the two service organizations, would the amount change or would it move to these other organizations? Councilman Schwarz stated I do not know that this is something we should be involved in. Councilman Nicolaides asked how the city gives money to the organizations. Director Korte explained they pay bills on behalf of those requesting assistance. At the end of the month, the townships and organizations submit a request with the amount paid and we reimburse them thirty-percent of that amount. Councilman Schwarz stated I am not here to be nice. My direction is to kill it for all agencies. I do not think you can give to one organization. We are not in the business of charity. Councilman Nicolaides asked is there a limit. Director Korte stated per the ordinance we limit the available amount to 0.34% of gross utility sales for electric. Councilman Nicolaides expressed it is a hard decision. Councilwoman Bellm stated at risk of townships hating me, I would support continuing from HACSM and St. Vincent DePaul, but not for the townships. Councilman Frey questioned if the additional amount given to Helvetia Township versus Saline Township. Director Korte attributed that to more people within city limits are represented by Helvetia Township. Councilman Frey noted we are paying the rates as citizens paying these subsidies. I am going along with Councilwoman Bellm and Councilman Nicolaides by continuing support of the two service organization, but do away with funding reimbursement to the townships.

Bill #18-08/RESOLUTION Approving and Authorizing Execution of an Engineering Agreement for Professional Services with Oates Associates, Inc. for Preliminary Engineering Services for IL Route 160 Shared-Use-Path Connector – Councilwoman Bellm made a motion to approve Bill #18-08/Resolution #18-01-2499 approving and authorizing execution of an engineering agreement for professional services with Oates Associates, Inc. for preliminary engineering services for IL Route 160 Shared-Use-Path Connector as attached; seconded by Councilman Schwarz. Councilman Frey noted this is a fairly short distance from the roundabout to the hospital. There is an option for installation of a bridge versus a culvert. City Manager Latham explained because of the complications we had with the culvert in construction of the Sharpshooter Trail, we looked at putting in a bridge. Councilman Frey asked what the cost difference is. Steve Kyle, of Oates Associates did not recall. City Manager Latham

stated engineering cost differ because of structural engineering services. There was such additional costs in time and material on the Sharpshooter Trail, that we feel it would be the better option; however, we can go either way. Councilman Schwarz asked are you questioning if the bridge is needed. If this is a \$20,000 addition, I have no problem with it, but if it is an additional \$80,000, then I have a problem. City Manager Latham estimated it to be around \$20,000. Roll Call Vote: Schwarz, Frey, Bellm, and Nicolaides voted aye, none nay. Motion carried.

Bill #18-09/ORDINANCE Approving and Authorizing the City Manager to Execute and Amended Redevelopment Agreement with Apex Holdings, LLC and Apex Physical Therapy, LLC, and Other Actions Related Thereto – Councilman Schwarz made motion to approve Bill #18-09/Ordinance #2828 approving and authorizing the city manager to execute and amended redevelopment agreement with Apex Holdings, LLC and Apex Physical Therapy, LLC, and other actions related thereto as attached; seconded by Councilwoman Bellm. Councilman Schwarz noted a lot of times when we talk about economic incentives we set a deadline for them to get things done. Why would we change the deadline? Asst. City Manager Lisa Peck reported there were extenuating circumstances with the closing on the purchase of the property, which moved the start of construction back. Councilman Schwarz stated if we are moving the deadline back, are we getting any consideration for this consideration. We are making easier for them to reach the goals. If there was some benefits to the City, with giving of an easement or something else in exchange, I would feel better. Roll Call Vote: Bellm and Nicolaides voted aye. Councilmen Schwarz and Frey voted nay. Mayor Michaelis voted aye. Motion carried.

Bill #18-10/RESOLUTION Approving Renewal of Retransmission Consent and WGNA Distribution Agreement Between City d/b/a HCS and Tower Distribution Company, LLC, Tribune Broadcasting Company, LLC, and Tribune Broadcasting II, LLC – Councilwoman Bellm made a motion to approve Bill #18-10/Resolution #18-01-2500 approving Renewal of Retransmission Consent and WGNA Distribution Agreement between City d/b/a HCS and Tower Distribution Company, LLC, Tribune Broadcasting Company, LLC, and Tribune Broadcasting II, LLC as attached; seconded by Councilman Schwarz. Councilman Frey stated we need to make an amendment. Where the Resolution currently states ‘allow the retransmission of KPLRCW and KTVI Fox’ and it needs to be amended to state, ‘allow the retransmission of WGNA Network Stations’. Councilwoman Bellm seconded motion to amend. Roll Call Vote on amending the resolution: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion to approve the amendment carried. Councilman Schwarz asked are those the rate increases for HCS to receive transmission. If so, would we pass those costs along to the customers? Director Angela Imming replied yes, it would be up to us to decide. WGNA and KTVI were non-negotiable in the rates for transmission. Councilman Schwarz noted the rates seem rather modest. Director Imming agreed. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried to approve the amended resolution.

Bill #18-11/RESOLUTION Approving a Retransmission Consent Agreement Between the City of Highland d/b/a HCS and Tegna, Inc. – Councilwoman Bellm made a motion to approve Bill #18-11/Resolution #18-01-2501 approving a Retransmission Consent Agreement between the City of Highland d/b/a HCS and Tegna, Inc. as attached; seconded by Councilman Schwarz. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Bill #18-12/RESOLUTION Approving and Authorizing Execution of an Engineering Agreement for Professional Services with Vantage Point Solutions, Inc. for Specifications Necessary for Notice of Municipal Letting for Fiber Build-Out to City Limits – Councilman Schwarz made a motion to approve Bill #18-12/Resolution #18-01-2502 approving and authorizing execution of an engineering agreement for professional services with Vantage Point Solutions, Inc. for specifications necessary for Notice of Municipal Letting for fiber build-out to city limits as attached; seconded by Councilwoman Bellm. Councilman Schwarz noted per the information provided Vantage Point Solutions did previous work for

us, so they are in a good position to put this together with us. Did we bid this out or give consideration to others? Director Cook replied no. We have worked with this firm a lot over the past several years. We have a good working relationship with them and they know our system. The work will be done on a time and material basis. Councilman Schwarz asked why they will not do this as a service agreement for a contracted amount. Director Cook explained they do not know until we walk them through the area and system what we want and the details. I will personally work with them on this and do the walk-through. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Award Bid #E-19-17 for Purchase of Three 34.5kV Breakers for the Westside Substation – Councilwoman Bellm made a motion to award Bid #E-19-17 for purchase of three 34.5kV Breakers for the Westside Substation to Myers Controlled Power in the amount of \$83,577.00 as attached; seconded by Councilman Schwarz. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

REPORTS

Approve Warrants #1081 & #1082 – Councilwoman Bellm made a motion to approve Warrants #1081 & #1082 as attached; seconded by Councilman Schwarz. Roll Call Vote: Schwarz, Frey and Bellm voted aye, none nay. Councilman Nicolaides abstained. Motion carried.

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 approval of executive session minutes and 2(c)(3) to discuss sale of city-owned real property; seconded by Councilman Schwarz. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried. Meeting adjourned at 8:30pm.

Mayor Michaelis reconvened the Regular Session at 8:00pm. Roll Call Vote: Councilmembers Nicolaides, Bellm, Frey and Schwarz were present. City Manager Latham, City Attorney McGinley, Deputy City Clerk Hediger and City Clerk Bellm were also present.

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

Councilwoman Bellm made a motion to adjourn; seconded by Councilman Schwarz. All council members voted aye, none nay. Motion carried and meeting adjourned at 9:00pm.

Joseph Michaelis, Mayor

Barbara Bellm, City Clerk