

**MINUTES OF SPECIAL SESSION
HIGHLAND CITY COUNCIL
WEDNESDAY, JUNE 12, 2019**

Mayor Michaelis called the Special Session to order at 6:00pm. Council members Sloan, Frey, Bellm and Hipskind were present. Others in attendance were City Manager Mark Latham, City Attorney City Manager Mark Latham, City Attorney Michael McGinley, Directors Cook, Gillespie; Coordinator Hubbard, Supervisor Rinderer, Building & Zoning Administrator Speraneo, Inspectors Dylan Stock and Chris Straub, and Administrative Asst. Kilcauski, Deputy City Clerk Hediger, City Clerk Bellm, one member of the new media, 7 realtors and 10 citizens.

PUBLIC FORUM

Citizens' Requests and Comments:

No comments or requests presented.

Requests of Council:

No comments or requests presented.

Staff Reports:

No comments or requests presented.

PUBLIC HEARING

Mayor Michaelis explained there will be a brief presentation by Building & Zoning to explain the proposed changes. After that, we will receive comments regarding the proposed changes to the inspections process for new single-family home construction.

Planning & Zoning Administrator Breann Speraneo stated all the information included in the presentation is provided in the handout available. There is also a feedback sheet that you can comment. She explained the proposal to the council is to eliminate six inspections: poured footing, underfloor slab, insulation, roof, final plumbing and final electrical. We believe we can eliminate these inspections without diminishing quality or safety. We chose to eliminate the ones that other communities have eliminated. We took out erosion control, which is done on an as needed basis and we will continue to enforce. Included is data from ten surrounding municipalities, to show what other communities do. We have also included calculated growth percentage for the municipalities, including Highland, for Years 2000-2017. Highland, 18 inspections, 18.9% growth; Edwardsville, 16 inspections, 15.5% growth; Glen Carbon 15, 22.6%; Fairview Heights, 15, 10.3%; Greenville, 12, -3%; Breese, 11, 11%; Collinsville, 10, 0.2%; O'Fallon, 10, 32.8%; Troy, 7, 19.8%; Waterloo, 6, 34%; and, Wood River, 6, -8.6%. We also included the calculations of distance from the arch. We cannot change locations. We are the third furthest from St. Louis. (Highland, 31 miles; Breese, 40 miles; and, Greenville, 50 miles.)

Also included in the information provided is the number of one- and two-family homes constructed since 2006. Year 2006 was the highest, with 75, followed by 49 homes in 2007; 23 homes in 2013; and, 24 in 2016. It has remained steady with 11 so far in 2019, and 12 each in Years 2017 and 2018. After speaking with realtors and contractors in the area, there is a demand. Unfortunately, people are going other places, because of lack of options here. We have the market - just not the homes to buy at this time.

Mayor Michaelis asked Breann to explain why here tonight. Administrator Speraneo stated we are trying to find a way to be of better service to builders, developers and contractors. If we are not finding ways to expedite construction, then we are not servicing them well. Construction has not been prevalent in the City of Highland. Mayor Michaelis reported I met with a builder/contractor several months ago. He stated he would probably not building in Highland because of the cost and process involved. We want everyone to prosper from this meeting. 12-13 years ago, we had a similar meeting with contractors in this room. It was packed for that meeting with contractors and builders that were upset. I feel we addressed those issues. We want to alleviate the concerns presented tonight.

Mayor Michaelis asked Todd Lindow to come forward and speak on the issues. Todd Lindow, of Lindow Contracting, St Jacob, Illinois, stated, I built one duplex in Highland in Autumn Crest. I never had any issues with anything failing. You cannot make money if you are stopping every twenty minutes for an inspection. I did a trade for some lots out here, recently. Everyone on the City's staff could not be any better to work with. It is not staff. There are no issues with them. I build 30-35 homes per year in Troy, St. Jacob and Collinsville. We are educated in what we are doing. The first sewer I built had to be torn out because it was not the quality wanted. I use the same thing in Troy and St Jacob. The grade is adding \$12,000 to the cost of a home. Copper is outdated. Highland wants sewer pipe that has to be a higher grade. It is a private sewer, so I do not know why it matters. If it was under city easement, I could understand, but this is in private property. It is nothing against the inspectors. The process of calling can be another thing that holds us up. I never had a waterline inspection until Highland. Here, you dig a hole, put in a line, and then have to wait for the inspector come look. Take a picture and move on. I think I just choose to stay in Troy. If you could combine all the roughs like other towns, that would help. Concrete inspections are another thing. It is privately owned areas. If can take pictures and move on. Layout is another thing. Layout, dig and then inspect again. If you dig incorrectly, then the layout inspection does not mean anything. When you dig the footing, you pull the strings. If the City of Highland wants to use a grade of pipe under their roads, that is one thing, so you do not have to do it again. However, in St. Jacob or Troy, you can save money and use other grades. Again, it is in private owned areas.

Mayor Michaelis asked Mr. Lindow how many lots you would build on, if things were more builder-friendly. Mr. Lindow replied, St Jacob is almost full, so I would go towards Troy, because of costs. You are trying to get people to go one more town east, so it has to be economically smart. In Troy, you get people who work at Scott Air Force Base or St. Louis. Mayor Michaelis stated one of the first things that need to be done is to lessen the number of inspections, and that is not just your opinion but that of a number of builders. Do you feel that is correct? Mr. Lindow replied that if you are not making money, at the end of the day, you have to ask why. Some things can be grouped together. If you are having a license plumber and licensed roofer do the work, the having to do all the inspections does not make sense. Waiting for inspection after the felt is down before moving on is another thing. A first plumbing inspection was done two months ago. It was an underground plumbing inspection. I got a call later that all was good, but they asked if the next time I would try to have a ladder there for the inspector.

Mayor Michaelis asked City Attorney Mike McGinley to comment on the plumbing inspections. Attorney McGinley stated there are state statues with regards to rough-in and final inspections. What Mr. Lindow is eluding to is (a) state does them; (b) municipality does them through use of a licensed plumber.

If the state does it, then it is between the state and the contractor. They are stating there are delays from rough-in plumbing inspections, which stop construction. If things are completed in the morning, the job is shut down from 10:00am until 4:30, when the licensed plumber gets there for inspection. If the inspection is the same day, it keeps things moving along. Especially when weather is an issue, as it has been this year. What the council and staff need to think through is how we do this more efficiently.

Councilman Hipskind asked Mr. Lindow, is your issue is with the number of inspections. Mr. Lindow suggested group inspections together. Do all the rough-ins together. When digging a water line, let me take a tape measure and place it next to the line, take a picture and move on. Councilman Hipskind asked is it the number of inspections or the time. Mr. Lindow stated I do not get the plumbing inspections. In Troy, I fill out the permit information with the plumber's license number on the application. They sign off. If there is an issue, they are the ones that sit in court. It is not on the city or the contractor, it is the plumber. When dealing with the climate, you level everything correctly, and then you have to wait for an inspection. In the meantime, you get a rainstorm and you lose it all. In Troy, we start in the morning and finish up by end of day. Some things can be done with pictures to speed up the process. I am not saying I am right, I was just asked why I am not building in Highland. Mayor Michaelis asked do you speak for other contractors. Mr. Lindow stated I do not know many from Highland. I do hear it from some subcontractors. Mayor Michaelis asked about fees. Mr. Lindow acknowledged those are a good deal. Those are very reasonable. Tap-ons are cheaper than Troy, along with rates. Switching from copper to plastic, with pipes would be a big difference. That is \$3,000 a home difference, for our costs. Same thing with sewers. We are renting properties we built 20 years ago; we are not having to fix them. It works. It is new technology and that needs to change. City Attorney McGinley summarized staff and fees are okay, but we need to look at inspection process and streamline more.

Ed Clayborn, owner of Equity 55, reported tap fees for Troy are \$9,800; Highland is \$4,800. In Troy, there are twelve new properties for sale, with six under contract, in less than two weeks. No difference in school districts. We have two new constructions going on that we are doing. They are in Okawville. That is where our contractor wanted to go. Tap fees are a little less. They waived permit and tap fees. We would love to build here. With inventory level out there so low, something needs to be done. City Attorney McGinley asked did your builder state what the issues they had with Highland. Mr. Clayborn replied our contractor is from Clinton County, they said it was more economical for them to build down there. Mr. Clayborn suggested waiver of fees and inspection process. The contractor is passing fees on to us. It could just be a reputation. I am sure location has something to do with it. Councilman Hipskind asked would you suggest anything. Mr. Clayborn replied Okawville has six inspections. Your proposal would be to have seven. If you could get all those inspections into three visits that would be the best solution.

Planning & Zoning Administrator Breann Speraneo reported, for the municipalities listed, I spoke with each of their departments handling inspections. Almost all are able to combine inspections. While we have a very responsive staff, we are not able to combine many of these, because we have contracted inspectors for some of the areas. I did speak with Troy, in depth. They do their plumbing inspections through the state. They get the plumbing inspectors license, they then sign off and that is passed over to the state.

Ron Dieters, Illinois Realtors Association, stated I am hearing a lot of positive things on this. I would like to address other issues. I will defer to the numbers presented by your staff, if there is a difference, because I believe her numbers to be more accurate. Here is a similar survey of other municipalities plus counties and the number of touches for inspections. Bethalto, 20; Edwardsville, 9; Collinsville, 7; Granite City, 11; St. Clair County 5-6; O'Fallon, 7; Smithton (contracted through St. Clair County), 6; Waterloo, 5-6; Monroe County, less than 5; Belleville, 13 touches; Breese, 11; Clinton

County, 0; Aviston, 2; Chatham, 2; and Springfield, 7-8. In comparison of county and city and how it relates with school district, these communities are similar. It advocates that if inspections and tap fees are in line, a community will grow. Mr. Dieters suggested make it in line with what the county is doing. Edwardsville has priced itself out of “the 618”, with costs of approximately \$16,000 before you turn a shovel. Only two municipalities in Edwardsville School District continue to collect the educational impact fee. Home builds for Highland has remained flat like Edwardsville. Where you are seeing the families build for Edwardsville School District are Hamel, Worden and Wood River. Last year, there were seventy-five home permits in unincorporated Madison County, with over half in Edwardsville School District. This possible reduction of 14-20 inspections down to seven is greatly welcomed. If you can keep tap fees at reasonable level that is huge. O’Fallon has seen huge growth, with \$5,100 in fees before you turn that shovel. Look at municipalities that are continuing to grow, but avoid those things set by your county seat.

Kim Johnson, Equity 55, asked is there a phone app or something that can make the process easy and re-incentivize contractors to come back. We are making strides to making this a wonderful community. This is such an important thing. We need to have those builders coming back into our community. We need to deconstruct the reputation that was set up. Possibly, we can do something along the lines of the first-time homebuyers’ incentive. Administrator Speraneo reviewed currently we have the homebuilders incentives, for the first ten builders and ten incentives for undeveloped lots, with many of those for Carbay Crest. While it is working, it is not drawing new contractors. In regards to taking photos. We would like to invest in some new technology by Tyler Technologies, which will communication for inspections and for photos to be downloaded. It will be a huge help. With regards to numbers presented by the man before her, Administrator Speraneo added that Waterloo has a 4% growth rate and we have 1%, for 2010-2017. Of the municipalities stated, we are the low growth of those. Looking at what we can do to consolidate the process, we realize is only one step of many to welcoming growth.

Kevin Limestall, citizen, thanked the mayor, council and staff, and builders that are here, tonight. I am glad to hear there is a new incentive program out there. One thing I heard Todd talk about was material cost for water and sewer lines and the inspections. I am glad to hear tap fees are lower than many. Years ago, it was always said that it was cheaper to build in other communities. Annexation agreements set up years ago are out there, which spell out what builder, developers and property owners need to with regards to those developments in place. City Attorney McGinley reported, with regards to all annexation agreements I looked at, they state that all ordinances that are current when structures and infrastructures are put into place must comply. Mr. Limestall expressed he feels plumbing inspections could be bypassed if the licensed plumber signs off. Poured footing and wall footing inspections could be combined, and erosion control can be done as needed. As far as the insulation inspection, as long as the builder has signed documentation that it meets regulation by state, which would be sufficient.

Councilman Hipskind asked Attorney McGinley, if we do the waiver for some of these inspections, it is required for the plumbers to be bonded and insured. Attorney McGinley replied yes. Mr. Lindow stated, with the new energy codes, in other municipalities, we sign a form that says we are aware of the R factors. In Highland, I applied to build a duplex in Arbor Crest, and I was waiting several weeks for engineer to sign off that I am complying with all the energy codes. I went to build in troy, rather than waiting. We ended up coming back to build, eventually. Councilman Hipskind stated I am a lawyer; I am representing a person that hired someone to erect a memorial sign. The job was not done properly. The person is not bonded and insured, and there is no money to get to correct the situation. Is it a requirement for plumbers, roofers, and electricians? Mr. Lindow explained we required to show proof of insurance when applying for permits. As the contractor, we have to have all the subcontractors’ insurance information to our insurance company for proof that they are insured. If they are performing work within the city, they have to provide license and proof of insurance to the city. There are 68 duplex

lots over there in Arbor Crest. I am going to spend \$650 each time to say I am going to use this insulation. In Troy, we do not have a residential check on that, we just check off on it.

Councilman Hipskind stated I spoke to my contractor about these inspections. He said keep final plumbing and final electrical. A lot of contractors will shortcut the outlets, or the plumbing may not be hooked up correctly. Mr. Lindow responded, to me, you pay for a driver's license and take the test, then should you have someone riding around in the backseat to watch you drive. Councilman Hipskind contended you would agree there are bad builders out there. Mr. Lindow stated there is a list of inspections for the area I work in; however, some of inspections, having to wait for them, and even to have requirement of copper lines, it is just crazy. You can have 100 inspections, but do it 3-4 touches. The efficiency of the process is the issue.

Inspector Dylan Stock stated we do combine some of the inspections where we can. Mr. Clayborn, of Equity Fifty-Five, pointed out 95% of the buyers are getting home inspections. It seems redundant to have a building inspection when going to have a home inspection before purchasing. The last thing the contractors want is to have to go back and fix something done wrong.

Councilwoman Bellm expressed it is one thing to have builders you know in the community and they do quality work. However, you get new contractors that come in and you do not know. Roof inspections came into play when we had storms in the area and some less than reputable contractors. Mrs. Johnson, of Equity Fifty-Five, contended we have some builders in here and this process is in place, but we have serious issues still. I would assume septic tanks are inspections; however, two years ago, there was a new construction that had a sewer backup because it was not installed properly, on a completely new home. Councilmembers pointed out that if it was septic, then it must have been a home outside of city limits. Mrs. Johnson acknowledged it was a new construction outside of city limits.

Lee Dressel expressed he does not like the signing off on stuff. If you sign off, then I have to take you to court. I would rather they find it before I have to spend time and money to take you to court. Highland should be the leader. I do not care what other communities are doing. I want the quality. The city workers have been there quick, and when I need them. You need to have the quality. Just because you have a license does not mean you do a good job. If everyone did it right, we would not need rules. Why people are not coming to Highland? Shopping and restaurants. We spend one day a week at another town doing shopping and going to restaurants. Mr. Lindow retorted how you think the restaurants and shopping centers are attracted. Lee Dressel stated I am not from Highland. I have lived here fifty years, but I am not from Highland. Mrs. Johnson stated Highland contended Highland is an open and welcoming community. I am the poster child for Highland. I send post cards to people bragging about Highland, so I disagree. Mayor Michaelis stated I do not know where everyone is from. I could care less. Lee Dressel expressed I hope you do not give up on the quality.

Mayor Michaelis asked Kevin Quitmeyer, of ROR Construction, to speak, as a builder. Mr. Quitmeyer stated I used to build years ago. I have not built a whole lot. I grew up in Highland building pole barns and sheds. This discussion keeps out the "fly-by-nighters" and the chasers. City Attorney McGinley explained these proposed changes are specific to new construction of one- and two- family construction. Roof inspections are not changing for replacements. This is only for new constructions. Mr. Quitmeyer stated I do a roof a day. If I could do inspections online, that would help me. I have not built a home in two years. Mrs. Johnson asked him if he would consider it. Mr. Clayborn asked why you stopped. Mr. Quitmeyer stated I did not seem to make money on it. It might have been the timing.

Sheila Riggs stated I agree with Kim. We work together. I moved here fifteen years ago. We lived in other states and found our way to Highland. We rent in St. Rose. It is a reputation thing again. I joined the Highland Civic Women's Club. Funny enough, most of the civic organizations in town are

made up of people who moved here. Builders now have this stigma not to build in Highland, as is the stigma of not to move to Highland. Builders work hand in hand in Troy, St. Jacob and Maryville to promote the area. We do so many things in this community that need to be promoted outside of Highland. If we are going to change policies, we need to get the word out. Mayor Michaelis noted in regards to what Sheila just commented on about Highland, he asked Councilwoman Sloan where she is from. Councilwoman Sloan stated a suburb south of Chicago. Mayor Michaelis asked Councilman Hipskind where he is from. Councilman Hipskind replied Belleville. Mayor Michaelis noted and now you are both members the Highland City Council, representing all the citizens of this community. Mayor Michaelis stated those days are gone. Councilwoman Bellm stated when I brought my husband from California; we found it is a matter of joining clubs and making yourself involved. I was gone for 16 years and then decided this is where I wanted to be. My dilemma in this is: I look at Highland as a great place to live. We have to grow it, to keep it alive, but we need to do it carefully. There is always something going on. When we first moved here, we lived on Poplar Street. My husband was amazed at two women walking at 11:00 at night. It is safe here and we have a quality of life. If changes to the process help people move, then we should look at that, but only if we can do it carefully.

Lee Dressel stated I am not saying Highland is bad. I used to be in the restaurant industry, but cannot get anyone to come here. I do not know how to get people to move out here. Mayor Michaelis noted most people do not want change. Lee Dressel agreed when you live somewhere and you hear about another place, it is hard to change. Administrator Speraneo stated I moved here in January; it was a warm welcome. There are two reputations. I personally have not heard anything bad. What we need to focus on here tonight is the reputation we have with builders. While many people work in St Louis, we realize location is a factor. We have the people wanting to move here, but not the homes. We have some beautiful older homes, but we do not have the new homes with the yard space, which is what many desire. With regards to the note about growing responsibly, we want to give them quality homes for their families to grow up in. Troy is more of a commuter community, while Highland is more for families. We want those that will send their kids to local schools. We are at 1.2% growth rate. That is the lowest of those that are thriving. Greenville, Wood River and Glen Carbon are trending down. That is such a small growth amount. We do not want to be population of 20,000, but we want it to be growing. Councilwoman Bellm inquired we are shooting for 3-4%. Administrator Speraneo acknowledged yes. Ms. Johnson reported she spoke with the school district. They are down about 120 students in the last two years. Our schools are the number one reason people come into the community. Mrs. Riggs added we need to see young families stay. We have thirty-somethings wanting a home in Troy, because they can find it there.

Brad Korte, Chairman of Planning & Zoning Commission, stated I am here as a consumer. Ninety percent consumer and some Planning & Zoning rub off. The optics on this in the beginning was to reduce inspections. It does not sound good as a consumer. I would like to say I built five different houses. The first house, I bought at 20-25 years old. The neighbors were digging up a block foundation. Shortly after, I was the fixing the foundation in my house. At twenty-five years old, I had a bill for those repairs that was ten percentage of my mortgage. The next house, there I have been gratified by what most said, in that we need inspections. There are guys that cut corners. There is an electrician in town, always passed with little in depth check of his work. The respect for inspection gets diluted because one is getting checked more or less. For council to decide whether an inspection gets done or not is one thing. We would be better served, if we invested in a better process, accurately, so it protects the consumer. Then we have done our job. Some contractors do a job just to get it done and get out, while a consumer wants the quality. We can sell having a great inspection process. If hook on fees are reasonable, then the product has to be great for the builder, great for the realtors, but most importantly great for the homeowner. The home needs to have the quality so that it outlasts their mortgage.

Councilman Hipskind summarized what I heard from those tonight is that we need less touches during the inspection process. We have to be more efficient in how we do that. City Manager Latham added we need to focus on use of PVC versus copper and the grade of sewer line material. Councilman Hipskind continued it is the inspections for electrical and plumbing that cause the most problems, as they can only come in after 4:30, so it is hurting the contractors. Administrator Breann Speraneo explained the rough-in plumbing and electrical, underfloor slab and meter base would also be after hours. We are looking at becoming certified to do electrical inspections. The electric department has generously agreed to handle some of these electrical inspections until that process is completed. It is going to be difficult to get a full-time plumber for inspections. We are looking at finding some retirees. Maybe adding another inspector is a consideration. All of our inspectors are well respected and very responsive to the contractors' needs. Hiring another inspector immediately is not going to speed up the construction process.

Administrator Speraneo continued we are not proposing eliminating anything that cannot be caught at another time. We are still looking at a lot of onsite visits. I do not think we can get this down to 3-4 onsite visits. City Attorney McGinley stated part of tonight is about getting input from council on how to proceed. Electrical inspections, once our inspectors are certified, it would speed it up. What we have proposed with plumbing, currently, after 4:30pm, is not efficient. If delegate back to the state, then it is between contractor and the state. If we find a local plumber that is retired or works on as needed basis, which may be an option. Plumbers who are in business are very costly. No one has any interest in diminishing the quality of the inspections. It is about reducing the touches. Councilwoman Bellm agreed to ask a plumber that is making a substantial wage to do this for less, I realize is not an option. Ed Clayborn, with Equity Fifty-Five, stated I just had a good friend that retired, Rick Gerstner, of Gerstner Plumbing. He is now a state inspection plumber, for State of Illinois.

Councilman Frey asked how projects in other communities work, that use the state plumbing inspection. Mr. Lindow explained we have the plumber sign it with our package of permits with the plumber's information and that all work was completed to state code. There needs to be inspections for everyone, because homeowners think they can do the job. We are in this to make money. You only have so many hours a day to make money, and you go where you can make it. There are some of us here that do not need inspections; there are some that do. Councilwoman Sloan noted the word "quality" comes out a lot. If I were making homes, I would want to make sure it is of quality, because that is their reputation and livelihood. Mr. Lindow reported I build 30-35 houses a year. I keep 75% of them and lease them. I have mortgages on them. While the piping is PVC, I have not had issues with it. Ms. Johnson stated having a quality builder is pleasing to me. I have sold his homes. It is a quality product. Administrator Speraneo asked Mr. Lindow do you feel that the inspections are making them any safer. Mr. Lindow replied if anything there may be some negativity. When down in sewer trench, if I can backfill a little at time versus leaving it open, it is better. Some days things are perfect and you can wait for. In Highland, anything from meter back is the homeowners; yet, there is an inspection. In Troy, I could take a picture and send it to the inspector, and keep moving along. Brad Korte asked the council to consider this: Earlier it was talk that a house in Troy cost 7% less than to build in Highland. As a consumer, is 7% the difference? Councilman Frey noted it is a cost difference for the builder. Mr. Korte pointed out that is passed on to the consumer. As a consumer, there are so many factors in purchasing a home. While cost is one, it comes down to location, location, and location. As a consumer, if I was looking around, that 7% is not the factor. Mr. Clayborn state the main builder in Highland has spec houses sold before he built them. Councilman Hipskind asked what about the builders of Carbay Crest. Mrs. Johnson stated they have 6-7 lots sold. We are just trying to make sure builders will keep building there. There are other developments, such as Stonebridge. A contractor bought two of the lots, last year. We thought he would build on the; however, he put the lots up for sale. I guess he thought it was going to cost too much to build on the. Councilmembers noted that subdivision is outside of city limits.

Planning & Zoning Administrator Breann Speraneo stated we need to propose as few site visits as possible and eliminate some of the inspections that can be combined with other inspections. Going forward, we will draft a proposal to effect. Councilman Hipkind noted we still had some of the after-hour inspections, so it appears it is not solving the problem. Even if we reduce inspections, so contractors come in, we still have after-hour inspections, which are the problem. City Attorney McGinley pointed out we are proposing changes with electrical and plumbing. We would take electrical in-house with the electric department handling them until our inspectors are certified to do electrical inspections. As far as plumbing, we still need to resolve that issue. Administrator Speraneo acknowledged it is difficult to reduce the number of touches significantly to combine inspections when you still have so many people involved doing the various inspections. Attorney McGinley stated we are moving target, but it still is a work in process.

Councilman Hipkind stated I have been vocal about this; however, I will be out of town at the scheduled meeting. If possible, I would ask for it to be held off until I return; however, if it needs to be voted on, I understand. Administrator Speraneo agreed we will have it on the agenda for first meeting in July, as scheduled; however, we will hold off on vote until the second meeting in July.

Councilwoman Bellm made a motion to adjourn; seconded by Councilman Frey. All council members voted aye, none nay. Motion carried and meeting adjourned at 8:08pm.

Joseph R. Michaelis, Mayor

Barbara Bellm, City Clerk