

**MINUTES OF REGULAR SESSION  
HIGHLAND CITY COUNCIL  
MONDAY, MARCH 21, 2022**

Mayor Hemann called the Regular Session to order at 7:00pm. Council members Sloan, Frey, Bellm, and Hipskind were present. Others in attendance were City Manager Conrad, City Attorney Michael McGinley, Directors Cook, Gillespie, Heimbürger, Imming, Ohren, Rosen, and Vazquez, Asst. Police Chief Becherer, EMS Chief Wilson, Fire Chief Federer, Treasurer Nicolaidēs, Deputy City Clerks Hediger and VonHatten, City Clerk Bellm, IMEA Representatives Mike Genin and Sean McCarthy, and 16 citizens.

**MINUTES**

Councilman Frey made a motion to approve the minutes of the March 7, 2022 Regular Session as attached. Motion seconded by Councilwoman Bellm. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Hipskind voted aye, none nay. Motion carried.

**PUBLIC FORUM**

Citizens' Requests and Comments:

*Jaycees Schweizerfest – Highland Jaycees– Special Event Application –* Rebecca Klug, Representative, along with Adam Vosholler and Jon Meadows requested permission to hold the annual Schweizerfest on the Square, June 10, 11 & 12, 2022. This is a community event to raise funds for the Jaycees as well as many other organizations, for community service projects. This year, we are striving to involve more businesses and organizations in the event. Included with our application were all licenses, permits, and insurance certificates have been received to date. As we receive additional ones, we will forward copies to the city. Councilwoman Bellm made a motion to approve the Highland Jaycees request to hold Schweizerfest June 10, 11 & 12, 2022 as attached. Motion seconded by Councilwoman Sloan. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Hipskind voted aye, none nay. Motion carried.

*Highland Arts Council –Art in the Park– Special Event Application –* Lynnette Schuepbach, Representative, along with six other citizens were present to request permission for approval of the special event application to host the annual Art in the Park. Ms. Schuepbach noted we are requesting \$8,000 from the hotel/motel tax funds. Councilman Hipskind made a motion to approve Art in the Park, to be held October 7, 8 & 9, 2022 as requested. Motion seconded by Councilwoman Sloan. Mayor Hemann stated we will be voting on the approval of tourism funding later in the agenda. Roll Call Vote: Councilmembers Sloan, Frey and Hipskind voted aye, none nay. Councilwoman Bellm abstained. Motion carried.

*Highland Ministerial Alliance – National Day of Prayer, Square Use Request –* Mayor Hemann stated this item has been postponed until the April 4 meeting.

Kay Ahaus, 200 Rinderer Road, Trenton, IL 62293, thanked Mayor Hemann and City Manager Conrad for meeting with them the other day and discussing this with us. As a ratepayer and owner as member of IMEA, I have provided the neighbors supplemental power for eight years. It did require some upfront costs and some work on my part and my husbands in getting it done. We have an issue with the

net metering rate. One for one is the best for solar customers. The retail rate is around \$0.12. I understand IMEA has set that rate at \$0.05. That is a slap in the face to us, who have made the investment early on. I appreciate Dan Cook's candor with me before the meeting. I would like to know how the solar fair credit was determined. As a Clean Energy Jobs Act participating member, we have found there is no transparency by IMEA as to how they have come up with that figure. Does it include in their model the investments that we have made or the benefits that we provide to Highland grid? I wish Highland could show us a fixed cost; however, as I talked to Dan, I realize that is a real juggernaut. How can you determine fair rate for us solar providers? IMEA either does not understand or are confused by their own policies. As a member of the downstate caucus, if we consider staying with IMEA, we are going to continue to have to find green solutions and recognize the benefits. I think, and downstate caucus feels, \$.08 kWh is more appropriate.

Mayor Hemann reported an email was sent in by a citizen, which Deputy City Clerk Megan VonHatten read into record:

'Hello City Council Members and Leadership,

There are two issues regarding agenda item J that warrant discussion before a vote, and I hope a vote will be postponed:

(I regret that I have lost my voice, so am unable to speak personally tonight)

Motion -Bill #22-40/ORDINANCE Repealing and Replacing Chapter 78 - Utilities, Article II, Electric Service Regulations, Division 6. - Net Metering and Interconnection Policy

1) Item (1) [page 5] related to "avoided cost" determination. Quite simply, Highland's "avoided cost" in receiving a kWh of solar is the amount they won't pay to the IMEA per kWh, which is .079 cents.

Instead of "keeping it simple", the IMEA has paid a consultant to come up with a complicated rate calculation, (which I have asked to see, but have not yet been provided) to justify a lower rate of .0541 cents per kWh. IMEA Member Chatham has already voted to credit solar customers .071 cents. IMEA member Naperville has not voted on the policy yet, but Naperville is subject to PURPA, and will likely get .079 because of the definition of "avoided cost" under PURPA.

2) Item "Insurance Disclosure" [page 9, bottom] - Highland solar customers are being asked to purchase insurance coverage that the vast majority of solar customers across the USA are not required to purchase. I have checked with customers of Ameren, ComEd, Excel Energy, Tucson insurance requirement  
[https://linkprotect.cudasvc.com/url?a=https%3a%2f%2fpower.no&c=E,1,BjJE7Q4cBb3mNeacc6CInEeJhdIyTod5E106LSW-D\\_hkXCPVEIDsZ02wt\\_8HjVVorRpWHLdXDPqnoyji1TfmqJjUZQ9AJfT59o21Qd9N\\_GA.,&typo=1](https://linkprotect.cudasvc.com/url?a=https%3a%2f%2fpower.no&c=E,1,BjJE7Q4cBb3mNeacc6CInEeJhdIyTod5E106LSW-D_hkXCPVEIDsZ02wt_8HjVVorRpWHLdXDPqnoyji1TfmqJjUZQ9AJfT59o21Qd9N_GA.,&typo=1)

Solar has been around much longer in the West - if there was a \$1M risk, wouldn't we know about it? Where is the risk assessment that shows \$1M of coverage is justified? The solar arrangement cannot be compared to a vendor participating in an event "on the square", the risks are completely different.

I have posed several questions to City Manager Conrad, Mayor Kevin Hemann, and Electric Director Dan Cook this morning. Until some of these questions are discussed, a \$1M insurance policy requirement has not been justified. I am interested in good policy, with proper risk assessment.

I am very grateful to all of you for your service, and especially to Chris, Kevin and Dan, who met with some of us solar customers at length to discuss the City's relationship with the IMEA.

Best regards,  
Jeannie Korte, 250 Kingsbury Ct.'

Mayor Hemann stated there are two representatives from IMEA present that will be here to answer any questions when we get to this issue on the agenda.

Jerome "Blackie" Kuhl asked I wonder how you can all be so happy tonight, without playing the national anthem yet. If they call for service, are you going to tell them our boys cannot go? We have a lot of towns around us that blow a whistle and ring bells. It takes 1-2 hours to set it up. Let's give it a try.

Requests & Comments of Council:

Councilman Hipskind stated I am on a short lease tonight. My wife is out of town, so I have a babysitter for the two girls and need to leave early. My apologies to those that worked on the budget. Also, there was some issues with Sportsman Road and Frank Watson Parkway, but I saw, today, the holes were filled in already. Thank you to staff for that.

**NEW BUSINESS**

Bill #22-32/RESOLUTION Authorizing Allocation of Hotel/Motel Tax Funding for 2022 Art in the Park - Councilman Frey made a motion to approve Bill #22-32/Resolution #22-03-2917 authorizing allocation of hotel/motel tax funding for 2022 as attached. Motion seconded by Councilwoman Sloan. Mayor Hemann asked do we have the funds available. Finance Director Reanna Ohren replied yes. Roll Call Vote: Councilmembers Sloan, Frey and Hipskind voted aye, none nay. Councilwoman Bellm abstained. Motion carried.

Bill #22-33/ORDINANCE Amending the City's Official Zoning Map – Councilwoman Bellm made a motion to approve Bill #22-33/Ordinance #3168 amending the city's official zoning map as attached. Motion seconded by Councilwoman Sloan. Councilwoman Bellm asked does this includes all the stuff we have done lately. Breann –everything from this last year. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Hipskind voted aye, none nay. Motion carried.

Bill #22-34/RESOLUTION Authorizing Execution of Letter of Understanding with the Illinois Dept. of Transportation Relating to the Plans and Specifications Relative to the Road Improvement Project on Approximately 4.0 Miles of FAP Route 793 (IL 143/IL 160/US 40) Within the City's Corporate Limits – Councilwoman Bellm made a motion to approve Bill #22-34/Resolution #22-03-2918 authorizing execution of Letter of Understanding with the Illinois Dept. of Transportation Relating to the plans and specifications relative to the road improvement project on approximately 4.0 Miles of FAP Route 793 (IL 143/IL 160/US 40) within the city's corporate limits as attached. Motion seconded by Councilwoman Sloan. Councilwoman Bellm asked what is "FAP"? Michael Genin, with IMEA, offered explanation, stating it stands for a Federal "A" Project. Councilwoman Bellm asked what all does this

involve. Director Gillespie reported this will go from Walnut Street & US 40 intersection and head east almost to what is known as the “Pierron Y”. They will be resurfacing and making improvements to these areas. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Hipskind voted aye, none nay. Motion carried.

Bill #22-35/RESOLUTION Approving the Plans and Specifications Relative to FAP Route 793 (IL 143/IL 160/US 40) Section 33-1RS-3 in the City of Highland – Councilwoman Sloan made a motion to approve Bill #22-35/Resolution #22-03-2919 approving the plans and specifications relative to FAP Route 793 (IL 143/IL 160/US 40) Section 33-1RS-3 in the City of Highland as attached. Motion seconded by Councilwoman Bellm. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Hipskind voted aye, none nay. Motion carried.

Bill #22-36/ORDINANCE Authorizing the City to Borrow Funds from the Water Pollution Control Loan Program – Councilwoman Bellm made a motion to approve Bill #22-36/Ordinance #3169 authorizing the City to borrow funds from the Water Pollution Control Loan Program as attached. Motion seconded by Councilwoman Sloan. Councilwoman Bellm inquired, 0.83%, this is a nice cheap rate? Director Gillespie replied yes. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Hipskind voted aye, none nay. Motion carried.

Award Bid #PW-19-19, Sanitary Sewer Trunk Main Rehabilitation – Councilwoman Sloan made a motion to award Bid #PW-19-19, Sanitary Sewer Trunk Main Rehabilitation to Insituform Technologies USA, LLC, in Chesterfield, MO, in the amount of \$2,129,231.00 as attached. Motion seconded by Councilwoman Bellm.

Bill #22-37/RESOLUTION Authorizing Execution of Termination Agreement with the Illinois Housing Development Authority to Terminate Participation in the Abandoned Residential Property Municipality Relief Program – Councilwoman Bellm made a motion to approve Bill #22-37/Resolution #22-03-2920 authorizing execution of termination agreement with the Illinois Housing Development Authority to terminate participation in the Abandoned Residential Property Municipality Relief Program as attached. Motion seconded by Councilman Hipskind. Mayor Hemann asked Director Vazquez to explain why we are doing this. Community Development Director Breann Vazquez reported we received a \$45,000 grant through this program. We have received that money in full, so we need sign off that we are done, as they are ending the program. It is a formality more than anything. Councilwoman Bellm asked if she had any idea why they discontinued the funding. City Attorney McGinley reported the Illinois Supreme Court did not like the program. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Hipskind voted aye, none nay. Motion carried.

Bill #22-38/ORDINANCE Declaring Personal Property of the City Surplus and Authorizing Its Sale and/or Disposal, Specifically, Public Works Department Equipment, Including Sewer Camera Trailer – Councilwoman Bellm made a motion to approve Bill #22-38/Ordinance #3170 declaring personal property of the city surplus and authorizing its sale and/or disposal, specifically, Public Works Department Equipment, including Sewer Camera Trailer as attached. Motion seconded by Councilwoman Sloan. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Hipskind voted aye, none nay. Motion carried.

Bill #22-39/ORDINANCE Further Amending Highland Ordinance No. 2661 to Amend Territory and to Expand and Add Incentives to the Madison County Discovery Enterprise Zone –

Councilwoman Bellm made a motion to approve Bill #22-39/Ordinance #3171 further amending Highland Ordinance No. 2661 to amend territory and to expand and add incentives to the Madison County Discovery Enterprise Zone as attached. Motion seconded by Councilwoman Sloan.

Bill #22-40/ORDINANCE Repealing and Replacing Chapter 78 – Utilities, Article II, Electric Service Regulations, Division 6. – Net Metering and Interconnection Policy – Councilwoman Sloan made a motion to approve Bill #22-40/Ordinance #3172 repealing and replacing Chapter 78 – Utilities, Article II, Electric Service Regulations, Division 6. – Net Metering and Interconnection Policy as attached. Motion seconded by Councilwoman Bellm. Mayor Hemann pointed out we had some public comments on this issue. Would someone like to speak on this? Light & Power Director Dan Cook provided a handout to the council of information received from IMEU regarding calculation of the solar credit rate. He explained, this is an explanation of the credit rate. In Jeannie's defense, we did not have this until later today. IMEA paid IMEU to provide the recommendations. IMEU is considered as the industry leader to do cost of services. They are the ones that determined the \$.0541. I just gave Kay a copy of this before the meeting.

Councilman Hipskind asked why this information is just being provided late today. Sean McCarthy responded there really is not a reason. Councilman Hipskind asked are you not a public entity and subject to FOIA. Mr. McCarthy explained we had a short window to develop all the policy. The Climate Equitable Jobs Act required us to develop this from the time the legislation was enacted, in September, to March 14 (180 days). Councilman Hipskind pointed out my concern is these people were asking for this for some time now, and as this comes before us, it is presented, without an opportunity for them to review it. Mr. McCarthy responded I am not sure specifically of the request. When the city came to us saying they had a request, we put this information together.

Director Cook reported, last Thursday/Friday, we met with this group of users. They asked for it and so I contacted IMEA. Jeannie Korte and several members of the downstate caucus had made prior contacts with others, but were not given this information. We provided to them as soon as we received it, which was today. I took nine accounts and looked at what the costs would be if we selected to impose the policies in front of you today. The cost is \$11.80, which is \$142.47 annually. This impacts their paybacks by about one year or less. Chatham did not give up their \$25 per month maintenance fee, so they can give a little more on their kWh credits. We started looking at this in July 2021; we gave up the \$25 monthly fee. We still have to maintain those lines in case they have an issue with their solar system or if their system does not supply enough and they need additional power. We were required to allow customers to use 100% of the energy they generated. We were limited in the number of users or amount of power generated within our system; however, there is now no cap on the number of solar users within our system.

Sean McCarthy stated, why we made the recommendations we made, was in response to how legislation enacted affected some of the policies. Some of the recommendation we made are to set up your system at the best for future. The electric industry has a lot of fixed costs. There is a fixed charge and per kilowatt rate. If you give a full one-to-one kilowatt credit, then how do you cover the fixed costs? Wires, poles, conductors, etc. must still be maintained and be there to provide service as the customer needs. While they provide a benefit to the system, they are still a customer. You do not want to over credit them, otherwise those fixed costs have to be absorbed by others within the system. In addition to the poles and wire, you need the capacity (ability to serve the customers), transmission (power that moves along the city's gate), and the distribution (services run from the gate to the homes). The criteria also

takes into account the amount of sun that is received in Highland, using a public model that takes into account the typical weather pattern. That is how we determine the worth of the excess power. Mayor Hemann pointed out that rate was posted on March 14, which was the deadline date required by statute. The calculations of that rate they have not had a chance to see.

Mayor Hemann asked what the effect of the one-million dollar liability policy is. City Attorney Mike McGinley explained the initial thought with the policy was to insure that if anything went wrong with the solar panel and connections into our equipment, we wanted to insure any issues within the city's system. We talked about requiring the City of Highland to be listed as an additional insured. Councilwoman Sloan inquired that is for new and existing solar customers within the system. Director Cook replied all. Councilman Frey asked what the estimated cost of those policies are. Director Cook reported \$20-\$25 per year. Mayor Hemann pointed out that is because you do not know the quality of these solar companies. Director Cook explained with home generators, if that system should short out and malfunction, it would be contained to local area and local transformer. Home generator provides outside generation and does not crossover. There is relay within the solar system. If the circuit or relay should fail, there is nothing to ensure that lineman working on the line outside during a storm. There are solar companies that have gone out of business. While solar companies should be the liability coverage, if they are no longer in business, then someone needs to be responsible. Councilman Hipskind inquired there are some of these solar install companies and some have gone out of business. Director Cook replied yes. I cannot ensure that a line is not hot. Councilman Hipskind inquired have we ever had solar companies indemnify the City of Highland. City Attorney McGinley replied no. The contract is between the homeowner and the company. As a customer of the City of Highland, we have to work with homeowner, not the solar equipment or installation companies. Councilman Hipskind acknowledged there is no difference what we require of a club or organization, as far as liability insurance policies. Councilman Hipskind asked Mrs. Ahaus, is it a concern for your group. Mrs. Kay Ahaus responded it is not prohibitive for me, but it may be for others. In looking at my policy, today, there was something in there that says it cannot indemnify. I still need to look into that more. I have not read the way they came up with this figure. What I am arguing about is the energy cost. Director Cook pointed out that every year, the fair energy credit will be required to come before the council for review. Chatham's cost of service rate was \$.045 and they agreed to 1.5 times that as the rate they would credit. Mayor Hemann stated I know the impression is that IMEA is not concerned about clean energy. In the meetings and conferences I have sat in on, I have found that you are working on such. We are going to be working on the budget this evening; with that we will look at the cost of wire, poles and transformers. Those generating solar are not contributing to those cost, while we still have to provide those as our services to them. IMEA may not be moving fast enough towards clean energy initiatives, but it is moving. City Manager Conrad pointed out that solar is funded through tax credits. It is not a good decision for the city, because we do not qualify for those tax breaks, as a non-for-profit system.

Councilman Hipskind stated I would vote yes for this; however, I think these customers should have an opportunity to read this. Director Cook stated I feel most of those within the solar customers group are looking for a one-to-one credit. Councilman Hipskind stated since they did not get the opportunity to see this, before tonight, I think we should wait to vote on it. Mayor Hemann explained we are a week late, by statute already. Councilman Frey reported I put solar panels on a prior house in the late 1980s. The company went out of business. I could not find anyone to work on them. So, I understand some of the issues. Roll Call Vote: Councilmembers Sloan, Frey, Bellm voted aye. Councilman Hipskind voted nay. Motion carried.

## REPORT

Accepting Expenditures Report #1215 for March 5, 2022 through March 18, 2022 -  
Councilwoman Bellm made a motion to accept Expenditures Report #1215 for March 5, 2022 through March 18, 2022 as attached. Motion seconded by Councilwoman Sloan. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Hipskind voted aye, none nay. Motion carried.

Councilman Hipskind left the meeting at 8:08pm

### NEW BUSINESS (Continued)

#### Budget Discussion – FY 2021-2022 Annual Budget

##### General Administration

City Manager Conrad stated what you have before you is the Fiscal Year 2022-2023 Budget with a \$32,000 deficit. With this budget, we have funded our departments' requested operations and are addressing several deferred maintenance and infrastructure needs. We continue to evaluate the new citywide software that should make city services more efficient for both the citizens and employees. Taking into account the impact of inflation on our operations, we continue to be conservative in the stewardship of the taxpayer's dollar, we continually evaluate operations to keep the City on a sustainable path regarding revenue versus expenses. Staff has proven adept at finding solutions that realize efficiencies in operations without causing impact on the citizens or the services we provide.

With the Public Safety Building is completed all three departments look to equipment replacement to better their operations. The police department looks to complete 911 consolidation, upgrade in-car computers and cameras, and add body cameras. The fire department looks to replace aging department equipment and begin setting aside money for truck replacement. EMS will be making final payment on an ambulance, look to replace cardiac monitors, and set aside cash for the next truck replacement. EMS revenues continue to be a watch item as Medicare/Medicaid reimbursements remain flat, or even declining, as operational costs increase.

Public Works will continue on its course to replace aging water and sewer infrastructure, including trunk main rehabilitation for sewer collection. This includes use of ARPA funds and IEPA principal forgiveness loans to make a serious impact on this project. Water distribution and electric department continue to work on upgrading our meters to make our billing system more efficient. Street and Alley will continue repair to pavements, curbs and sidewalks throughout the city through the use of general fund money, taking delivery of a new dump truck, and a long overdue reconstruction of Center Street by Red-E Mix.

The electric department will continue their efforts to migrate the entire system to smart meters making the maintenance, billing and troubleshooting of our system more efficient; replacing our current SCADA system, which manages meters and makes evaluating our outages more efficient; and, repair of a non-functioning capacitor bank at the west side substation, which is a rolled over project from the prior fiscal year due to price constraints. The Victory TV transition is complete and with the use of ARPA funds, it is budgeted to complete construction on the final three neighborhoods to complete our system. Video service continues to stress the budget, and Victory TV is helping alleviate some of that stress.

With the KRC bonds in our review mirror, and the generous gift from the Estate of Sheila Weber, Parks and Recreation is looking to tackle several deferred maintenance projects within both the parks and KRC. The pandemic severely impacted the Parks and Rec department and also changed how citizens

recreate. Staff will continue to monitor trends and try to adapt as necessary to meet the needs of the community.

Community Development will continue to evaluate structures that require demolition and mitigate derelict properties. In terms of economic development, plans include incentive agreements to encourage development and expansion of the Façade Improvement Reimbursement Program, which has been a success in spurring investment in our business districts.

City Manager Conrad stated we submit this proposed operating and capital budget, which includes a 3% increase in Operating and Maintenance (O&M) expenditures, coupled with an estimated 5% increase in operating revenues, for your consideration. Transfers to reserves equal \$2,221,600 in an effort to rebuild reserves for future needs. Total expenses decrease 5% from the previous year's budget, mainly due to reductions in capital spending. City Manager Conrad expressed, I want to thank the directors, department heads, and Kelly for their cooperation and hard work during this budget process. In addition to the challenges highlighted above, we were dealing with changes in funding sources at the State level, which made this budget process a little more complex than normal and required a significant change in our revenue allocations. We did our best to increase operation costs, as inflation is at an all-time high. We do continue to budget conservatively, but have to account for inflation in the market.

Councilman Frey inquired as to how many people took advantage of the Façade Reimbursement Program and the money put in. Economic Development Coordinator Mallord Hubbard reported originally \$50,000 was budgeted total. We have funded \$22,000 in total project costs reimbursed, with three different businesses participating. Several businesses had not budgeted for it, last year; however, we anticipate taking more advantage of this program this next year. Councilwoman Bellm agreed with COVID these businesses did not know where things were headed.

City Manager Conrad reported we will be utilizing Municode to review our municipal ordinances. They will compare our ordinances against state law. It is similar to Lexipol, which does reviews for the police department. With new allocations, we were able to bring economic development projects under general administration. We are significantly into our software program updates to find software to improve efficiencies in our system and how we operate, while meeting the expectation of our citizens. Those are the highlights.

## Public Safety Department

### *Police Department*

Deputy Police Chief Charlie Becherer stated we have an exciting year coming forward. Body cameras will be purchased in this next budget year. They are required by 2025. We are trying to get ahead of the game and be able to access the necessary software and hardware prior to that deadline. Chief Presson will be doing some restructuring of the command staff and vehicles. The vehicle I am driving will be used for administrative purposes, once I leave. Chief Presson's current vehicle will be used for the Lieutenant. In the next month, we will begin testing for the Lieutenant's position. When I am gone, they will do away with the Chief Deputy position and put in the Lieutenant position, and then that will open up a sergeant position. No new officers are expected in this budget year. One of the biggest concerns is the fuel costs. Our officers had gotten in the habit of leaving their cars running while in the PD. Chief Presson has asked that when officers are in the PD, the cars will be shut off. We are presently negotiating a contract with the officers and sergeants. We are not sure when the 911 Consolidation will be completed and the final costs with that. City Manager Conrad reported we received notice from the state that we will receive reimbursement on some of the qualifying expenses of the 911 Consolidation that we were not expected to get reimbursed on.



### *Ambulance Service/EMS*

EMS Chief Brian Wilson expressed the budget continues to be a challenge with increased calls due to COVID and transfers. Changes to the Medicare Act continue to decrease revenues, and has caused us to exhaust our reserves. This is coupled with the increase in the number of people that simply do not pay, increases in software and equipment provider contracts, which require replacement of technology. We recently found out that our cardiac monitors will no longer be supported, so \$35,000 has been budgeted to replace those.

We recently completed some EMT training to get more in Medicare/Medicaid rates. We are seeking grants constantly; however, we often do not qualify because we are not financially stressed enough in comparison to others. We are attempting to setup an equipment replacement program to stagger these costs, and we continually work with and brainstorm with other municipal agencies, and speaking with our congressional leaders to find resources.

Mayor Hemann inquired are we going to replace an ambulance, this year. Chief Wilson responded we might try to the end of this year, but most likely it will be in next year's budget. In this budget year, we are making the final payment (\$51,500) on the 2001 International. City Manager Conrad reported the next one we will be replacing is the 2012 unit. Mayor Hemann pointed out we have to show the other districts that we service that we continue to maintain and make improvements in our equipment. Councilman Frey noted he has seen small ambulances in St Louis that look like transfer vans. Are they used for transfers? Chief Wilson stated I am not sure what they use them for. Typically, they do not last as long, because they are on a smaller chassis. In purchasing a new unit, we could save about a third of the cost if utilizing the existing units by taking the box off and put onto new chassis. With all the stuff we are required to carry in each unit, it is difficult to go to the smaller unit.

### *Fire Department*

Fire Chief Federer stated I am hoping to replace our green compressor, at an estimated cost of \$25,000. It is a unit that was put in the when Fire Station #1 was built in 1980s. I want to look at replace one of our pumpers. The last one purchased was in 2005. So, we have put that into the budget for Fiscal Year 2024-25. We will replacement out several sets of turnout gear, self-contained breathing apparatus (SCABA) and hose under our annual program, with \$41,250 budgeted.

Mayor Hemann noted your goals include actively looking to recruit 25-30. That is rather aggressive. Chief Federer expressed he is hopeful that the \$500 tax credit that is being introduced with at a press conference this week will help to recruit volunteer firefighters. We try to do what we can to recognize those volunteers at different benchmarks of service to keep what we have and to recruit more. Councilwoman Bellm inquired about an explorer program. Chief Federer explained that is difficult to do because it requires a dedicated person. Mayor Hemann expressed we have our buildings built and improved, but we need to continue to work to get the equipment to where it needs to be. Chief Federer agreed, adding new pieces of equipment get the group excited. The costs of the equipment has made it so difficult; however, there are lease programs and demo units there that we continue to look at.

### Community Development

#### *Building & Zoning*

Director Breann Vazquez stated we are expecting building to slow down with inflation and raising interest rates. We continue to focus on training within the department's staff. We wanted to bring in-house one- and two-family and electric inspections, but did not get that completed. We hope to do training this year to allow us to do that. We continue to use Entergov software and tailor the software to best serve our community. Councilman Frey asked how many building permits were they this year. Director Vazquez did not know the exact numbers; however, they were down from the prior year. The permit numbers are tracked monthly online, but she will get the annual numbers for the council's review.

Councilman Frey inquired do we still have the program to encourage homebuilders. Director Vazquez stated we do. We did run out for incentives building within existing subdivision. The new subdivision, some is available. We had some new construction companies come in to build in Highland, so we feel it had a positive impact.

### *Economic Development*

Economic Development Coordinator Mallord Hubbard reported revenues are solely from General Administration. The budget proposed includes funding for training, certification, homebuilding incentives, and the new website mapping benefit added to our website. Expenses related to business development and the business districts are broken down, so that you can see what incentives are currently on the books, and can be used to reference for potential agreements that we may bring in the future. Budget goals for this year are to focus on workforce development and COVID recovery, through the ecommerce grants, which continues to encourage businesses to create a web present and allow for online transactions.

### *TIF 1 / TIF 2*

As far as TIF 1 and TIF 2 areas, the budget mostly is expenses related to redevelopment agreements and state required reporting.

### *Business Districts*

Coordinator Hubbard reported, as far as the Business Districts, we forecasted growth and increased sales tax within these areas. Sales taxes will come from the residential areas as well. Moving forward we budgeted for future development, as well as funding towards the commercial building façade improvement program which continues. You will see in the budget that Business District B has been absorbed into Business District A.

Some other efforts with the leadership and direction of the city manager and Director Vazquez will continue this next year. Coordinator Hubbard expressed there is not a single department that does not contribute to the growth of businesses and the residential growth within Highland. He expressed his appreciation for the Planning Commission and Zoning Board that take on the tasks as volunteers, in what is not always an easy position. The community organizations also help make this a great community to attract businesses and residents. I know citizens are always peppering us with questions about what is next. I like to direct them to what we have done already. City Manager Conrad stated we have received a lot of really positive comments about Plaza Park. All the departments participated in development of that.

### Public Works Department

#### *Streets and Alleys*

Public Works Department Joe Gillespie reported, on the capital side of the budget, \$145,000 is a carryover in the budget for two dump trucks, due to the vendor's delivery schedule. All alleys have been oiled and chipped; we have go back over them on a scheduled plan, with a budget allocation of \$10,000 per year. We have replacement of concrete panels with the subdivisions of Augusta Estates, Northwest Manor, Prestige Estates, Prairie Trails, Meadowlark, Sunflower, Coventry, Willow Creek, and Woodcrest. If contracted out, the cost would be around \$141,000; however, by doing the work in-house we will save about \$82,000. We are trying to hit some in each area of town, and get the worst of the worst, then come back around the next year.

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

We will be using Non-Home Ruled (NHR) sales tax funding for reconstruction on Center Street, by Red-E-Mix. We were approached by them years ago asking for this replacement. Director Gillespie reported we received a federal grant through the State of Illinois FTP, years back, which we cannot utilize those funds for 4-5 years. This will be for reconstruction of 6<sup>th</sup> Street from Pine Street to Poplar Street.

The budget also includes payments for property acquisitions made for right of way for the Bellm Road – Southern Peripheral Route. We have applied for the Main Streets Grant, and we will move forward with reconstruction of Phase 2 of the Broadway Streetscape when funds are obtained for it. In this next year's, budget we carried over \$350,000 for the resurfacing of Broadway from Lemon Street to Laurel Street.

Like to pursue for contract to replace sections of sidewalk that have been identified for compliance with ADA standards. We will be doing reconstruction of Matter Drive, as is today, and expansion of cul-de-sac on Executive Drive, so that semi-trailer trucks can come down Executive Drive and make a U-turn. We will be utilizing DECO Rebuild Illinois grant funding, in part, to pay for the reconstruction of Matter Drive as part of an agreement with Trouw for their expansion.

#### *Water*

Director Gillespie reported Lagoon #1 needs to be cleaned out, after 22 years, for estimated cost of \$150,000. The budget also includes \$80,000 for the rebuild of the pump house. The current structure is having issues with the roof and other things. Councilwoman Bellm quipped that building is older than I am. Under Water Distribution, we will be replacing one truck shared with Sewer Collection. \$150,000 is budgeted for directional boring of lines to continue with replacement of lining and replacement of some smaller sections of water mains by staffing in-house, and \$70,000 to replace water meters that are ten years or older. As the meters get older, they tend to slow down, which means we lose revenue.

#### *Sewer*

We contracted with Institutorm Technologies to continue with the cure-in-place (CIP), which was approved tonight. Using ARCA funds to supplement construction of trunk main rehabilitation. Most of what is in the budget is carryover from the current budget. The goal is to line all the clay pipe in town. CIP intends to provide a 100-year lined pipe.

With the recent upgrades to the Water Reclamation Facility, a couple processes were changed and new equipment should allow for remote shut off and controlling. The proposed budget includes \$70,000 for replacement of influent screen compactor unit, which catches the hair, cigarette butts, and other things that can clog up the treatment system, as well as \$40,000 for PLC programming for plant processes. Director Gillespie reported we anticipate increased costs on materials and chemicals. We have been told by our vendors to plan for 25-75% increases and longer lead-times with some items. Mayor Hemann asked did you anticipate those costs inside the budget. Director Gillespie responded we did budgeted at approximately 50% increases. City Manager Conrad pointed out it depends on how long these inflationary issues continue. Mayor Hemann expressed I like having the projects completed in-house. I think the community feels better when they see our staff doing the work.

#### Fiber to the Premises

Technology & Innovation Director Angela Imming reported the budget includes \$949,000 bond payment. This is the thirteen budget for HCS, and it is our last year forecasted in our original business plan, which showed us at 1,314 customers. With Victory TV (VTV) in place, billing functions handled in-house, and a replacement plan in place, we have 2,640 customers as of today. HCS sets a nationwide example for municipal owned fiber to the premise (FTP). Director Imming paid recognition to the past leaders that supported this program. The proposed budget also includes the final build out to all within city limits, doing so without receiving any free money. The next and last build out will be Prestige Estates, Evergreen Subdivision, Tamarack, and Lakeview Hills Subdivision, which will use ARCA funds. We anticipate spending \$300,000, with most of the work done by in-house staff, for a savings of \$300,000. The complex fiber splicing will need to be outsourced. Programming for VTV will continue to be a challenge. Fuel costs will be another challenge. While VTV has been a challenge for our customers, and us we need to continue to talk to about increasing costs imposed by the network providers, and passing those increases along. Even with most video content going to streaming, our video customer

numbers are not down significantly. Councilman Frey inquired what our profitable part is. Director Imming replied data and voice. Mayor Hemann noted the issues presented by VTV users is the voice delay, the sound not sequenced with the video, and the spinning circle. Director Imming explained there is no requirement for our customers to have our router. However, with rental of our router we can better target the issues. We bring our internet in, but with their router, we cannot look at how their router is operating. Ring doorbells and other Bluetooth devices, apps, and hardware used, in all, effect the service. We are looking at some government-to-government alliances.

City Manager Conrad noted that based upon a list from staff of our critical needs, COVID federal grant funds have been allocated: \$266,000 cyber security, \$300,000 broadband expansion, \$36,000 chest compression devices, and \$65,000 water plant improvements.

### Electric Department

Electric Director Dan Cook reported the proposed budget includes completion of our smart meter initiative. Smart meters lower truck rolls. Using a retired lineman, part-time, we have been able to do loop testing. In this next year, we will be wrapping up a second fee into town, as well. Issues we face in this budget are declining revenues due to energy efficiencies, closing of facilitates and less industries. We are facing escalating costs on fuel, transformers, and other electrical supplies, coupled with longer lead times. We are being told small bucket trucks are 3-4 years out. Transformers are as much as 57 weeks out. The larger companies have ordered absorbent amount of things to stay ahead of costs or supply chain issues, so smaller businesses and municipalities are at end of supply chain. Fuels for heating, running CAT generators, and the trucks will be an issue.

On the revenue side, we need to look at a 1.5% increase in rates. Director Cook reminded the council that the 2016 rate study recommended 4.2%, and 1.2% each year. We have not done that annual increase. We are coming back now and asking for it. Cost of service fees recommended meter base fees, which we did not enact, along with 2.5% recommended per kWh. The sale of ten miles of the 138kV line will proved some funding into the system. The purchase of the tree-trimming truck, single-phase transformers, and handheld meters all carryovers from last year's budget into the new year. We have deferred the replacement purchase of a truck for the power plant, for two years now; I do not know that we can preclude putting off another year. We may look at state bid list, which has remained more stable than off the street pricing. Capital expenditures include \$400,000 for replacement of the outdated SCADA system, and \$150,000 for the final meter deployment of smart meters. Then we can look at customer portals, to relieve some burden off customer service at city hall. \$200,000 budgeted for the increase in transformers; thankfully, have not had a lot of storms. However, we have some businesses that will need theirs changed out. Director Cook quipped, that being said, I would like to thank VTV for taking some of the social media pressure off the electric department. With the inflationary increases and supply chain issues, it impacts the cost of cable, wire, poles, as well as transformers, and switches in the system. Non-capital expenditures budgeted are \$26,000 for EPA testing at the power plant facilities and \$100,000 to trim the 138kv line for last time, hopefully. Director Cook reported City Manager Conrad and I have been talking about the two generators in the back of the power plant building that we maintain for emergency use only. We plan to do analysis, and possibly retire them, which may lower costs of operating power plant.

### Parks & Recreation Department

#### *Korte Recreation Center*

Parks & Recreation Director reported that with the bonds paid off on KRC, we will be doing a lot of deferred maintenance. Our department is being hit exceptionally hard with the minimum wage requirements, with over 52,000 hours of part-time staffing per year. We have added some more programs back in this year. With the generous gift from Shelia Webber, we will have \$152,000 from the Highland Area Community Foundation's pass-through account for putting in some new interior and exterior doors,

UV filtration system to reduce chemical odor and corrosive environment, replace fitness equipment, as well as the original floor scrubber.

### *Parks and Programs*

Because of COVID, we realize the importance of parks. With all the work done to the trail and the number of users in that area, we are budgeting to install a restroom at the trailhead, and to replace the playground equipment at Hoffman Park, which we will be utilizing Madison County Parks District Grant Funding.

Director Rosen reported that they have raised the decking in areas around the pool. We have created more deck space where baby pool was and may expand the concession area. Money is being set aside to replace doors at the Weinheimer Center, which are at least 20 years old. We keep trying to generate ideas for new programs. Private gyms and other organizations began hosting similar events that we used to do, to attract and keep people coming back

Mayor Hemann asked does the budget include the Thursday night concerts. Director Rosen replied yes, we have some businesses looking to sponsor some of those. Mayor Hemann stated the pool, at some time, will need to be considered. We cannot keep moving it along. Director Rosen agreed; however, with the school looking to go out for a referendum this year, I am not sure that now is the time to go for a referendum on a new pool. Councilwoman Bellm asked what the school is looking at. City Manager Conrad reported they are seeking \$40 million dollars to replace the primary school, expansion at the middle school, and a multi-use gymnasium for the high school. For homeowners, there would be no change, as they are looking to rollover the bond that is coming off.

### Miscellaneous / Library

City Manager Conrad reported that under Miscellaneous Funds, for city property, equipment and services, we anticipate \$820,000 in revenue with \$578,000 going out. The amount we levied for IMRF went down this past year, so there is about \$12,000 in excess there. The audit fund has a slight increase each year. \$2,000 revenue over expense. The liability and insurance funds shows increased expense for the Lexipol review and reserve claims for police, fire, and EMS.

As far as Solid Waste Fund, we try to keep revenues fairly close to expenses. If we see substantial increases, due to fuel and labor costs, we may have to increase those rates. There is also payment for property purchase commitments made a few years ago, with transfers to pay for agreements.

The Cemetery Fund shows a deficit, but largely in part due to new software, which is desperately needed. The Library's budget shows total revenue to expense \$21,000 to the positive, after a few years of much needed infrastructure improvements.

City Manager Conrad pointed out this budget-involved reallocation of funds. In the past, some funds we are setting back funds while others had little. This year, it is much more even. With the fire department, there was a pretty substantial push funds in two years for a new fire truck. It made the streams a little more equitable with a change in revenue sources.

Councilwoman Bellm made a motion to temporarily adjourn this regular session to enter into executive session under the Illinois Open Meetings Act under the following exemption: 5 ILCS 120/2(c)(21) to discuss the approval of executive session minutes. Motion seconded by Councilman Frey. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Hipskind voted aye, none nay. Motion carried. Open Meeting temporarily adjourned at 9:57pm.

Mayor Hemann reconvened the Regular Session at 10:00pm. Council members Sloan, Frey and Bellm were present. Councilman Hipskind was absent. Others in attendance were City Manager Conrad, City Attorney McGinley, Deputy City Clerks Hediger and VonHatten, and City Clerk Bellm.

Mayor Hemann stated there will be no action taken on anything that was discussed in the Executive Session.

Councilwoman Bellm made a motion to adjourn. Motion seconded by Councilman Frey. All aye, none nay. Motion carried and meeting adjourned at 10:01pm.

Kevin B. Hemann, Mayor

Barbara Bellm, City Clerk