

MINUTES

WORKING SESSION CITY COUNCIL 401 WEST WASHINGTON STREET EAST PEORIA, ILLINOIS

February 23, 2021

The Honorable John P. Kahl Mayor of the City of East Peoria called the Working Session of the City Council of the City of East Peoria, Illinois to order at 4:00 P.M. with the meeting having been properly noticed. The City Clerk certifies that notice of the meeting was duly served upon Council Members via email on Thursday, February 18, 2021, at approximately 2:17 p.m.

Upon the roll being called the following answered present: Mayor John P. Kahl, Commissioners Daniel S. Decker, Mark E. Hill, Seth D. Mingus, and Michael L. Sutherland.
Absent: None.

Mayor Kahl explained that the City Council is meeting for a Working Session and that no formal business will be conducted by the City Council at the meeting. He explained that the purpose of the meeting is to have a Working Session regarding the Budget Planning for Fiscal Year 2020-2021. Mayor Kahl explained that the budget planning so far has been an extensive process. He introduced Director of Finance Jeff Beck. Director Becker explained the agenda for the budget planning that will include departmental presentations at tonight's meeting followed by a discussion about revenues, capital expenditures, and other items in two weeks. This is the same format as last year. The key is to get the operating side of the budget completed. Mayor Kahl explained that he asked departments to focus on budget items that would be a substantial increase from this year.

Director Becker introduced Streets Supervisor Ric Semonski and Water and Wastewater Supervisor Cord Crisler to present the Public Works budget proposal. Supervisor Semonski presented the Vehicle Maintenance proposed budget. He explained that there is a 3.5% wage increase in the salary line item. Last year, everyone froze wage increases for non-represented and others including Public Works employees. The increase in the overtime is to account for the amount to do business for emergency situations only. This is for snow removal overtime and some garbage overtime. The Operating Expenses increase is due primarily for software that the mechanics use. The increase in the Clothing and Safety Equipment expenses is dictated by contract.

Commissioner Decker inquired as to whether a cost benefit analysis of having a third mechanic was completed as there is potential savings with other departments using the mechanics for their vehicle repairs and maintenance. Supervisor Semonski indicated that an analysis has not been completed.

Supervisor Semonski explained there was an increase in overtime to account for those workers staying past normal working hours and holiday pay. If recycling is brought back, part of the recycling costs will also be incorporated in this budget. In addition, Cleanup costs have been reduced to \$10,000. Recycling tipping fees is anticipated to be up because the recycling if recycling is coming back. Maintenance and repair of vehicles is proposed to increase due to rebuilding the mechanical arms of the trucks and the insides of the trucks needing to be completed. Fuel costs are up because of fuel cost are anticipated to be greater increases, and if recycling is coming back, there will be an additional truck for the recycling to come back. In addition, if recycling is brought back an employee will being brought back into Solid Waste for the recycling. That recycling person was moved into Water and Sewer this past year and will need to be moved back for recycling if it is added back in. Mayor Kahl commented on educating recycling users, if recycling is brought back, because there are only certain things that can be recycled and should be placed into the recycling receptacles. If it material that cannot be recycled is included, it will result in more costs because that material must be separated at the recycling center.

Supervisor Semonski presented the Street Department proposed budget. He explained that the increases in overtime was all emergency related to plowing and storm water drainage. He explained that the increase of 147% in engineering fees is for bridges, NPDES, among other items. The increase in Contractual Services is related to

tree removal needs. Maintenance and repair of equipment is increased due to having more realistic numbers for aging equipment that require repairs. Traffic Signal Maintenance and Report and Storm Sewer Maintenance increases were discussed. Street lighting is likely decreased due to LED lights and maybe not having a lot of issues to the streetlights. The Equipment Rental proposed increase is for storm sewer maintenance.

Commissioner Decker commented on planning to investigate whether the City should hire an inhouse city engineer. He expressed concern over investigating for changes this year because any delay in the street maintenance would cause a delay to the streets. He is in favor of looking toward a city engineer employee; however, he feels that the City needs to get bids out for street maintenance soon. Supervisor Semonski commented on the street maintenance scheduled. If the City waits much longer, it will not get in for an early bid.

Mayor Kahl commented on the Street Lighting Fund for Special Bridge Lighting and confusion over this line item. Motor Fuel Tax funds are estimated at \$875,000. There was a dip this year due less people driving.

Supervisor Crisler presented the Water and Sewer proposed budget. Several line item proposed increases were discussed. He explained that wages have increase due to the increase of 3.5% for everyone. Water main supply amount increasing was discussed which is due to additional repairs being completed. There will still be engineering fees even if the city were to hire an inhouse city engineer. The engineer would cover any city streets and possibly other fees. Commissioner Sutherland explained that if the City has an inhouse civil engineer, it may be able to save money in some permit area where civil engineering work is needed. Supervisor Crisler explained that there are software renewal license renewals needed as well as maintenance and repair of sewers. Sludge processing and handling is proposed to be increased in the next fiscal year.

Commission Hill inquired about maintenance and repair of structures. Supervisor Crisler explained that these costs are for repairs that are due to be completed to lift stations and other items that need to be repaired.

Director of Tourism and Special Events, Doug McCarty, came up to present the proposed budget for Tourism and Special Events. He explained that the nine-month actual is off because of the seasonality of revenues and expenses at EastSide Centre and Tourism items. EastSide Centre was shut down for a small amount which affected its budget, and there are some event unknowns for the summer. He anticipates expenses should be back to normal unless some events are cancelled such as the track meet. Revenue for the coming fiscal year is estimated to be between 2019 and 2020 fiscal year amounts, and Director McCarty anticipates the revenues will be back to normal in the future. Inside rentals were up because organizations had trouble finding locations. Those organizations may be staying long-term. Athletic seasons shifted due to the pandemic affecting estimates.

Mayor Kahl explained that Director McCarty just presented planned future events to the hotels and restaurants. There is a full calendar ahead that will help hotels, shopping, and restaurants. Director McCarty has filled in gaps with events being cancelled.

Director McCarty presented information on the proposed budget at EastSide Centre building for the next fiscal year. In the current fiscal year, administrative expenses were reduced by almost 20%. Concessions expenses are estimated to increase in the next fiscal year due to concession employees coming back and the increase in minimum wage. Sales tax is also anticipated to increase due to concessions being back. The cleaning expenses have gone up due to COVID-19 cost increases such as hand sanitizer stations and increased paper towel needs. The other expense items are minor ups and downs.

Director McCarty presented the EastSide Centre Outside Operations proposed budget. There are increased expenses due to more use of the soccer fields that will also increase the need for electricity for evening games. The payments for the backhoe will come off this year because it will be paid off. The backhoe is shared with Elementary School District Number 86 and the Fon du Lac Park District. Commissioner Mingus thanked city staff for their work at EastSide during the COVID-19 Pandemic. He commented on it being a revenue source and it being a big impact on the City by bringing people into the community.

Director McCarty presented the proposed budget on the Hotel Motel Tax fund. He explained that the hotel motel taxes were greatly affected by COVID-19. He commented on putting more money into the facilities at EastSide Centre, as there is a correlation into entertainment while families are attending travel sports at EastSide Centre.

The hotel motel tax for the next year is unknown; however, Director McCarty is looking to get most of the hotel-motel tax back this coming fiscal year, as the hotel motel tax is down over 60% this fiscal year so far. It is uncertain how long the revenues will be back to normal and come back to the city. Some hotels are in a TIF which affect the taxes. The Winter Wonderland drive through display revenues were increased this past year and Director McCarty does not anticipate the same revenues next year; however, he does feel that the revenues will be increased from 2019. There were roughly 35,000 cars that drove through the Winter Wonderland display. The Festival of Lights also ended up with more than double the businesses sponsoring floats than anticipated. People from outside the area came and some are planning to return. Director McCarty commented on the City lighting expenses being \$3,000 and capital improvements will be zero. There is anticipated to be a surplus even if hotel/motel tax revenues are down.

Director of Planning and Community Development Ty Livingston and Director of Buildings and Inspection Robert Cole came up to present the Planning and Community Development and Buildings and Inspections proposed budgets. Director Livingston commented on trying to create efficiency in the departments and savings due to greater efficiency. He commented on alternative non-tax revenue items generated. Director Livingston explained that travel and training expenses are proposed to increase due to bringing those costs closer to the previous year. There is an anticipated increase in dues, subscriptions, and publications because pricing has gone up for publishing in the paper. Mayor Kahl commented on increases in travel training and meeting expenses and the focus on Regional Training.

Director Cole presented the Buildings and Inspections proposed budget. He commented on revenues in permitting. Mayor Kahl explained that a few years back the Mr. Cole had presented a proposal to increase permit fees, as the City permit fees are low, and there are some administrative fees that must be covered. The fees have not increased for a very long time. Some other communities tie the permit fee to the value of permitted project.

Director Cole explained that the contracting and inspecting fees are proposed to increase and that 25% of the fees are collected for electrical and plumbing inspection revenues. Some of the contractual fee increase is due to the increase in the cleaning contract from COVID-19 related expenses. There have been quite a few reductions for some of the line items in Public Property from created efficiencies, and there is an anticipated increase in the electrical aggregation fee revenues from the increase in the electrical aggregation fee rate.

City Clerk Morgan Cadwalader commented on the City Clerk budget that includes an increase in the printing line item due to anticipated costs for amendments to the City Code that require codification and increases in other items such as due and training to bring those numbers back up to where it was prior to this current fiscal year.

Director of Finance/Treasurer Jeff Becker presented several proposed budget sections. Mayor Kahl explained that the elected officials did not receive an increase in pay last year and will be realizing an increase this year based upon the cost of living increase located in the public affairs section of the budget, while Commissioner Sutherland's pay comes out of the Water and Sewer Fund. Director Becker explained that the Legal Department budgeted amount will be kept flat from this past year. The legal fees were more this year due to COVID-19 expenses. The City Administrator's budget consists of Human Resources and an Administrative Assistant for personnel. The Group Health insurance utilization has been lower this past year and the proposed budgeted amount will remain the same as last year. Revenue sharing is proposed to be slightly increased next year. The Information Technology proposed budget was discussed which is proposed to be increased due to networking costs. Tornado sirens were discussed. The Fire Pension fund is up 6% and the Police Pension fund is up 3% both of which are increased by actuarial numbers.

Director Becker explained that a new Special Service Area fund is a new amount that will show up for the road construction to Access Road 6 which is being funded through property taxes by the property owners along that roadway. He commented on the Special Bridge Street Lighting proposed amount and the Street Lighting proposed expenses which are anticipated to be decreased next year.

Workers' Compensation expenses have been increased the last couple of years. Workers' Compensation costs were discussed by Mayor Kahl. He explained that the costs include premium, payouts, and settlements. He wants everyone to know about the costs in the workers' compensation and the impact it has on the city. He wants to ensure that we are truly transparent. The City will seek to accurately anticipate all of the costs of the expenses.

Unemployment was increased this past year potential anticipation of expense; however, it is being decreased back down. The Tax Increment Finance ("TIF") expenses were discussed. The Camp Street TIF had construction this year, and with no more construction anticipated, the expenses are proposed to decrease this coming year.

Director Becker and Mayor Kahl discussed Gaming Revenues. The Gaming Revenues have decreased around 66% this year. Mayor Kahl thanked Director Becker for his work on a difficult budget and explained that the City is erring on the side of caution by being conservative with revenue estimates.

Commissioner Hill explained that the projections in last year's budget were done with the anticipation that the economy would be ramping up at the end of the calendar in 2020 and the economy would be recovered by this time. He explained that the City is not out of the woods yet, and the City will be reviewing the revenues and expenses through the year.

Fire Chief John Knapp and Deputy Fire Chief Ryan Beck presented proposed Fire budget. Chief Knapp explained that the biggest proposed increase is in training with most of the training being in Emergency Medical Transport training. He explained that the department is trying get back to the baseline from the past years and that the 2% Fund has helped the department. There has been a decrease in agency costs for 911 for the Fire Department. The costs were around \$140,000 this year and proposed to be \$94,263 next year due to a change in the funding formula. The Fire Department reduced offsite training; however, basic training is something that must be completed. He commented on reducing expenses on staff and supplies this past year. The Fire Department is trying to maintain the supply on its equipment. There is a proposed increase in the expenses for the turnout gear to replace expiring equipment and gear which are scheduled expenses. Chief Knapp commented on applying and

receiving grants for some of the gear in the past and possibly being successful in receiving grants in the future.

Chief of Police Rich Brodrick and Deputy Chief McElyea presented the Police Department proposed budget for the next fiscal year. Chief Brodrick explained that there is an arbitration amount that is waiting on a ruling so those numbers may be included in the budget if they are received timely. The salaries are correct for Chiefs and Sergeants but for the officers it is still an unknown amount until the arbitrator rules. The Animal Control contract increased. In addition, the Contractual Services line item amount is estimated to increase due the funding formula change. The amount for training is anticipated to increase in the next year due to training needs for new hire and there is no longer reimbursement for new hire training anymore. Mayor Kahl explained that the Police Department was short six officers, and the City is now bringing the force back up to full staffing. Chief Brodrick explained that there should be a decrease in the salary due those retiring being at higher salary levels. Mayor Kahl explained that the retirements are assumptions until there is something in writing and reminded everyone that there are generally payouts to be made. There were comments regarding new state law changes that include many unfunded mandates or possible decreases to revenues to the City. Clothing allowance expenses are estimated to increase because replacement vests are needed for those vests set to expire and uniforms are needed for the new hires. There are estimated decreases in utilities due to created efficiencies. CIERT expenses are estimated to increase to cover costs for the emergency response team.

Director Becker explained the City Council is planned to have a meeting in two weeks for discussion on Revenues, Capital Expenses, the Marina, and Deliberations.

Mayor Kahl commented on revenue shortfalls totaling \$5.3 million through the end of this fiscal year. There were also cuts being made. Outside of overtime, everyone towed the line on the budgets and have continued through today. These projections are estimates, and the projection are not easy to complete.

Mayor Kahl asked for any comments from the City Council. There was no response

Mayor Kahl asked for any comments from the audience. There was no response.

Motion by Commissioner Mingus, seconded by Commissioner Decker; Mr. Mayor, I move you that we adjourn the meeting.

Yeas: Commissioners Decker, Hill, Mingus, and Sutherland and Mayor Kahl.

Nays: None.

Mayor Kahl declared the motion carried and the meeting adjourned at 6:02 P.M.

/s/ Morgan R. Cadwalader

Morgan R. Cadwalader, City Clerk