

**MINUTES OF THE MEETING OF THE MAYOR
AND THE COMMITTEE-OF-THE-WHOLE OF
THE CITY OF EAST MOLINE, ILLINOIS
MONDAY, NOVEMBER 6, 2023**

ROLL CALL

Mayor Freeman called the meeting to order and directed the City Clerk Wanda Roberts-Bontz to call the roll. The following Alderpersons were present: Olivia Dorothy, Jeffrey Deppe, Nancy Mulcahey, Adam Guthrie, Rhea Oakes, Lynn Segura, and Jose Rico. **6:50 p.m.**

ADDITIONS/CORRECTIONS TO AGENDA

None.

UPDATE ON FY24 BUDGET ADOPTION AND PRESENTATION. (Mark Rothert, City Administrator)

The following is a timeline for adoption of the FY24 Budget:

- 11-06-2023 COW Presentation
- 11-20-2023 First Reading of resolutions and ordinances related to the budget
- 12-04-2023 Public Hearing
- 12-04-2023 Second Reading of ordinances related to the budget
- 12-04-2023 Budget adoption
- 12-18-2023 Alternative date for budget adoption

The City Administrator and Interim Finance Director will be available throughout this time period to have a one-on-one discussion through the budget in greater detail and answer any questions.

Mark Rothert, City Administrator provided a presentation regarding the Fiscal Year 2024 Budget.

Connie Cornmesser, owner of Hey Bryans 1140 15th Avenue, East Moline, IL – Ms. Cornmesser spoke to the City Council regarding the Video Gaming fees moving from \$25.00 to \$250.00 per machine which is a 900% increase. Ms. Cornmesser asked the City Council to look at how much they really would like to rise the amount this year. Another concern is regarding, The Places for Eating Tax charging up to 1.5% on the food and beverages. Before raising the licensing fees, please consider the backbone of the community which are small business. Thank you very much.

FINANCIAL:

This is not a budgeted item.

This is not a CIP.

RECOMMENDATION:

Approval

REALLOCATION OF GENERAL FUND BALANCES AT END OF FY23 TO BALANCE OTHER FUNDS. (Mark Rothert, City Administrator)

The City of East Moline has multiple funds for its operations. Upon review in preparation for the FY 24 Budget, there have been several funds that have been identified with sizeable deficits that have been sustained over several years of operation in certain special, enterprise or restricted funds of the City. At this point in time, the City has sufficient cash reserves in its General Fund, and it would be in the best interest of the City to work towards having its funds balanced or in a positive cash position.

The attached Exhibit A shows the City's initial and projected cash position for FY23 in all funds. The City can use its unrestricted General Fund cash balances, including funds related to ARPA funding, to balance its City funds with ongoing deficits. This would put a majority of the City's funds in a sound financial position starting the new fiscal year. This would also leave the General Fund with a healthy fund balance representing 52% of expenditure. The benchmark to maintain a fund balance is generally 25-33%.

Staff therefore recommends approval of making the proposed fund transfers before the end of the 2023 fiscal year.

FINANCIAL:

This is a budgeted item.

This is not a CIP.

RECOMMENDATION:

Approval

A motion was made by Alderperson Rico, seconded by Alderperson Mulcahey to concur with the recommendation as presented. Upon roll call the following voted in favor: Oakes, Segura, Rico, Dorothy, Deppe, Mulcahey, and Guthrie. Motion carried.

THE ABATEMENT OF AD VALOREM PROPERTY TAXES LEVIED TO PAY PRINCIPAL OF AND INTEREST ON CERTAIN OF THE OUTSTANDING GENERAL OBLIGATION ALTERNATE BONDS, SERIES 2010E, 2011, 2014, 2020, AND 2021 AND CONCERNING RELATED MATTERS. (Mark Rothert, City Administrator)

The City currently has the following bonds issued through an obligation of general fund revenues:

- Series 2010E
- Series 2011
- Series 2014
- Series 2020
- Series 2021

Language within bond ordinances when initially approved by the City Council make assumptions that the City's property tax levy may be necessary to provide the funding for the payment of principal and interest on the bond. However, the City has sufficient sources of funds from other revenue sources to

make bond payments. Therefore, the levy and collection of a direct annual tax for the total payment of and interest on the bond due annually, is not necessary and needs to be abated.

Resolutions will be brought forth at the next council meeting authorizing that real estate taxes be abated and not be levied against taxable real property in the City of East Moline in the annual amount due each year.

Staff recommends approval.

FINANCIAL:

This is a budgeted item.

This is not a CIP.

RECOMMENDATION:

Approval

A motion was made by Alderperson Deppe, seconded by Alderperson Segura to concur with the recommendation as presented. Upon roll call the following voted in favor: Oakes, Segura, Rico, Dorothy, Deppe, Mulcahey, and Guthrie. Motion carried.

THE APPROVAL AND ADOPTION OF LEVYING AND ASSESSMENT FOR THE TAX LEVY YEAR 2023, COLLECTIBLE IN THE YEAR 2024. (Mark Rothert, City Administrator)

Each year the City must approve and certify a property tax levy to the County Clerk by the last Tuesday in December. Approval of the proposed 2023 Levy will provide for the collection of \$7,178,193.00 in property taxes in 2024 for the fiscal year ending December 31, 2024. A breakdown of this levy amount, with comparisons to previous years, is attached.

Staff recommends approval.

FINANCIAL:

This is a budgeted item.

This is not a CIP.

RECOMMENDATION:

Approval

A motion was made by Alderperson Guthrie, seconded by Alderperson Dorothy to concur with the recommendation as presented. Upon roll call the following voted in favor: Oakes, Segura, Rico, Dorothy, Deppe, Mulcahey, and Guthrie. Motion carried.

THE APPROVAL AND ADOPTION OF SPECIAL AD VALOREM (PROPERTY) TAX WITHIN THE EAST MOLINE 15TH AVENUE SPECIAL SERVICE AREA OF THE CITY OF EAST MOLINE, ILLINOIS. (Mark Rothert, City Administrator)

Each year the City must approve and certify a property tax levy regarding the City's 15th Avenue Special Service Area (SSA) to the County Clerk by the last Tuesday in December. Approval of the proposed 2023 SSA Levy will provide for the collection of approximately \$60,000.00 in property taxes in 2024 for the fiscal year ending December 31, 2024. The Taxes are to be levied at a rate not exceeding \$1.35 per \$100 of equalized assessed value of taxable property within the SSA.

FINANCIAL:

This is a budgeted item.

This is not a CIP.

RECOMMENDATION:

Approval

A motion was made by Alderperson Guthrie, seconded by Alderperson Segura to concur with the recommendation as presented. Upon roll call the following voted in favor: Oakes, Segura, Rico, Dorothy, Deppe, Mulcahey, and Guthrie. Motion carried.

A RESOLUTION AUTHORIZING STAFF TO PURSUE NEW TAX INCREMENT FINANCING AND BUSINESS DISTRICT CREATION. (Mark Rothert, City Administrator)

Economic development incentive tools are not effectively being used in the City of East Moline to their fullest potential. For example, TIF districts are not found in the City's industrial park, along Illinois Route 5, or at the Avenue of the Cities. Similarly, a Business Development District (BDD) can also provide valuable incentives and flexibility to these and other areas of the City (see attached map)

Staff is therefore seeking approval to proceed with efforts to expand and create new TIF and BDD districts that can be leveraged for growth and development in various areas of the community, including commercial, industrial and residential areas.

FINANCIAL:

This is a budgeted item.

This is not a CIP.

RECOMMENDATION:

Approval

A motion was made by Alderperson Mulcahey, seconded by Alderperson Rico to concur with the recommendation as presented. Upon roll call the following voted in favor: Oakes, Segura, Rico, Dorothy, Deppe, Mulcahey, and Guthrie. Motion carried.

A RESOLUTION CREATING A CHARGEBACK, TRANSFER AND PAYMENT IN LIEU OF TAXES POLICY FOR THE CITY. (Mark Rothert, City Administrator)

The City has historically transferred to the General Fund certain amounts from its various other funds as either a chargeback or transfer. Such transfers are generally based on costs incurred by the General Fund to support these various other funds. Some transfers are justified to support similar expenses in the General Fund; to balance deficits, or to represent revenues foregone by the General Fund as a result of the City's ownership and operation of its own utilities. Staff is recommending that the City now memorialize its justification for transfers from various funds to the General Fund with the attached policy. The policy covers chargebacks for internal service funds; transfers from special revenue funds; and payments in lieu of taxes related to the city's utilities.

Staff recommends approval.

FINANCIAL:

This is a budgeted item.

This is not a CIP.

RECOMMENDATION:

Approval

A motion was made by Alderperson Deppe, seconded by Alderperson Oakes to concur with the recommendation as presented. Upon roll call the following voted in favor: Oakes, Segura, Rico, Dorothy, Deppe, Mulcahey, and Guthrie. Motion carried.

THE APPROVAL AND AUTHORIZATION OF NEW POSITIONS THE FISCAL YEAR 2024 BUDGET. (Mark Rothert, City Administrator)

As discussed in the City's recent strategic planning session, staffing was identified as a critical need to be addressed in the City. Below is a summary of positions proposed in the FY24 Budget, assuming all other revenue proposals and recommendations are approved.

<u>Department</u>	<u>Position</u>
Finance	Clerk (AFSCME)
Community Development	Director
Fire	Fire Inspector
Police	Crime Analyst/Evidence Custodian (AFSCME)
Street Maintenance	Foreman
Water/Sewer/Storm Sewer	Public Utilities Director

Staff is recommending the City Council approve the creation of the above positions to be filled. Such a move would help distribute workload and focus on other key priorities of the city.

FINANCIAL:

This is a budgeted item.

This is not a CIP.

RECOMMENDATION:

Approval

A motion was made by Alderperson Deppe, seconded by Alderperson Oakes to concur with the recommendation as presented. Upon roll call the following voted in favor: Oakes, Segura, Rico, Dorothy, Deppe, Mulcahey, and Guthrie. Motion carried.

A RESOLUTION AUTHORIZING REPUBLIC SERVICES’ SOLID WASTE COLLECTION FEES FOR 2024. (Mark Rothert, City Administrator)

The City entered into a services contract with Allied Services, LLC (dba Republic Services of Bettendorf) on March 3, 2021 for Republic Services to provide solid waste collection services of garbage and recyclables. The term of the contract is until December 31, 2024. Below is the rate schedule for each year:

Per Residential Unit Rate	Garbage	Recyclables (Collection)	Recyclables (Processing)	TOTAL
7/1/2021 -12/31/2021	\$10.66	\$3.75	\$0.60	\$15.01
1/1/2022 -12/31/2022	\$10.66	\$3.75	TBD	\$14.41
1/1/2023 -12/31/2023	\$10.98	\$3.86	TBD	\$14.84
1/1/2024 -12/31/2024	\$11.31	\$3.98	TBD	\$15.29

The City invoices and collects from all residential units. Staff recommends that all residential units therefore be charged an equivalent rate being assessed to the City in 2024 by Republic.

FINANCIAL:

This is a budgeted item.

This is not a CIP.

RECOMMENDATION:

Approval

A motion was made by Alderperson Guthrie, seconded by Alderperson Segura to concur with the recommendation as presented. Upon roll call the following voted in favor: Oakes, Segura, Rico, Dorothy, Deppe, Mulcahey, and Guthrie. Motion carried.

AN ORDINANCE AMENDING THE EAST MOLINE CITY CODE CHAPTER 8, SECTION 3-8-3 UTILITY TAX. (Mark Rothert, City Administrator)

Illinois municipalities are allowed to assess a utility tax on electric, natural gas, and water pursuant to 65 ILCS 5/8/-11-2. The maximum utility tax rates per state statute are:

Telecommunications	6.00%
Water	5%
Gas	5%
Gas Use	\$.05/therm – on the purchase of natural gas wholesale from out of state suppliers who are not subject to the Gas utility tax
Electricity	First 2,000 kWh used; \$0.61 per kWh;

next 48,000 kWh used;	\$0.40 per kWh;
next 50,000 kWh used;	\$0.36 per kWh;
next 400,000 kWh used;	\$0.35 per kWh;
next 500,000 kWh used;	\$0.34 per kWh;
next 2,000,000 kWh used;	\$0.32 per kWh;
next 2,000,000 kWh used;	\$0.315 per kWh;
next 5,000,000 kWh used;	\$0.31 per kWh;
next 10,000,000 kWh used;	\$0.305 per kWh;
and in excess of 20,000,000 kWh,	\$0.30 per kWh.

Attached is a document that shows the City’s current utility tax rates and compares them to other area municipalities. To align the City’s tax policies with its neighbors and generate additional revenues for operations and infrastructure, staff is recommending that the City increase its utility tax to the maximum rates allowed by state statute and implementation of the Gas Use Tax. It is anticipated that the Electric and Gas Use tax revenues will increase approximately \$300,000.00 when enacted at maximum rates.

FINANCIAL:

This is a budgeted item.

This is not a CIP.

RECOMMENDATION:

Approval

A motion was made by Alderperson Deppe, seconded by Alderperson Guthrie to concur with the recommendation as presented. Upon roll call the following voted in favor: Oakes, Segura, Dorothy, Deppe, Mulcahey, and Guthrie. Opposed: Rico. Motion carried. **6 - 1**

AN ORDINANCE AMENDING THE EAST MOLINE CITY CODE, TITLE 3, CHAPTER 4 – VIDEO GAMING TERMINALS. (Mark Rothert, City Administrator)

Illinois non-home rule municipalities are allowed to charge up to \$250.00 annually for each video gaming terminal located within the City. Currently, the City only charges \$25.00 per terminal per year. Attached is a chart of East Moline compared against other communities in the area, as it relates to this terminal fee.

In order to align the city’s tax policies with its peers and to generate additional revenues, it is recommended that the City increase its annual per terminal fee to \$250.00. Please note that home rule communities have no limit on the amount they can charge annually (e.g. Rock Island and Moline).

This tax is estimated to generate approximately \$37,000.00 annually.

FINANCIAL:

This is a budgeted item.

This is not a CIP.

RECOMMENDATION:

Approval

A motion was made by Alderperson Rico, seconded by Alderperson Deppe to amend the amount to \$125.00 for 2024 for each video gaming terminal located within the City. Then in 2025 raise the amount to full \$250.00 for each video gaming terminal located within the City. Upon roll call the following voted in favor: Oakes, Segura, Rico, Dorothy, Deppe, Mulcahey, and Guthrie. Motion carried.

A motion was made by Alderperson Deppe, seconded by Alderperson Rico to concur with the recommendation as presented. Upon roll call the following voted in favor: Oakes, Segura, Rico, Dorothy, Deppe, Mulcahey, and Guthrie. Motion carried.

AN ORDINANCE AMENDING THE EAST MOLINE CITY CODE, TITLE 3, CHAPTER 16 - PLACES FOR EATING TAX (Mark Rothert, City Administrator)

Illinois non-home rule municipalities are allowed to license, tax, and regulate places for eating within the corporate boundaries of the City. Home rule communities likewise often enact a food and beverage tax on restaurants on items consumed on premises.

Attached is a document showing comparative sales tax rates across the Quad Cities region. You will see how East Moline compares with other municipalities with one of the lowest sales taxes and food and beverage taxes.

In order to align the city’s tax policies with its peers and to generate additional revenues, it is recommended that the City (re)establish a Places for Eating Tax at a rate of 1.50%. This rate would put the City on par with Moline and Rock Island with similar food and beverage taxes.

This tax is estimated to generate approximately \$260,000.00 in its first year.

FINANCIAL:

This is a budgeted item.

This is not a CIP.

RECOMMENDATION:

Approval

A motion was made by Alderperson Mulcahey, seconded by Alderperson Segura to concur with the recommendation as presented. Upon roll call the following voted in favor: Oakes, Segura, Dorothy, Deppe, Mulcahey, and Guthrie. Opposed: Rico. Motion carried. **6 - 1**

ADJOURNMENT:

A motion was made by Alderperson Segura, seconded by Alderperson Oakes to adjourn the Committee-of-the-Whole meeting. A voice vote was taken. **8:30 p.m.**

Minutes taken and submitted,

Wanda Roberts-Bontz, City Clerk