

MINUTES

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

March 16, 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 Wednesday, March 10, 2021, at approximately 3:45 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. He explained that the City would be discussing Summary of Revenues, Capital Expenditures, and any other City Council deliberations regarding the budget. Mayor Kahl explained the format of the meeting. He explained that Director of Finance, Jeff Becker, would present and the department heads could come up and talk.

Director Becker commented on the sales tax. He explained that the City is doing better than expected; however, the City is still budgeting behind what the sales tax revenues were prior to COVID19. The State will be cutting 10% of the local government distributive funds this coming fiscal year. The State kept the 5% previously, and the State is now planning to keep 10% of those funds this coming fiscal year. Therefore, the local government distributive funds will see an additional five percent withheld by the State compared to last year. Some smaller general fund revenues have remained flat. The telecommunication tax has decreased. The City is overall down in the general budget \$2,000,000 behind where the City was in before COVID. Hotel Motel tax revenues decreased 10%. There are hopes that the Hotel Motel tax will rebound; however, it is unknown if that will happen. Water and Sewer revenues were discussed. Director Becker discussed the other major COVID related revenue decrease from gaming revenues that were received, which were \$4,000,000 before COVID and the City is estimating to receive \$2,000,000 in the coming fiscal year, resulting in a 50% decrease. Overall, the City is down \$4,125,000 year to date for this fiscal year compared to the year before. Overall, since COVID began, the City is down \$4,380,000 decrease that includes the last month of the last fiscal year (April 2020). Mayor Kahl explained that the video gaming tax revenues for December have not been posted yet and are not included. There was a discussion regarding marijuana revenues that cannot be shared individually because one would be able to determine sales numbers for a particular business which is protected information. There was a discussion regarding the training dollars that come from the State funding.

Director Becked commented on the proposed capital expenditures. Proposed expenditures are Police Department cars, radios and Taser replacements; Fire Department radios; Public Works radios and a plow truck; Camp-Riverside intersection expenditures; West Washington TIF expenditures; and hotel-motel tax expenditures for Par 3 Lane. In addition, there are proposed Water and Sewer capital expenditure which come from the Water and Sewer enterprise fund. The total monies proposed to be spent on streets in the coming fiscal year is \$1,063,000.

Mayor explained that a lot of the capital projects were deferred, and he further explained that the Water and Sewer funds are restricted funds which are paid for from revenues from the Water and Sewer fund. While sales tax did reasonably well for every community, the City of East Peoria relies on other revenues such as hotel motel tax and gaming tax which are both down this year. If hotel-motel and gaming do not bounce back, some of the proposed capital expenditures will need to be deferred. The shortfall in hotel motel tax from the three hotels located in the TIF districts must be made back from other revenues, because the hotel motel tax in those three hotels pays back the bonds. The street reconstruction of Highview monies have been accounted for in the previous budget and are not included in the coming fiscal year's proposed budget.

Mayor Kahl commented on Worker's Compensation costs. Those amounts for Worker's Compensation expenditures for this fiscal year are \$252,366 in settlements to date. The City is facing settlements costs of \$486,822 and upwards of \$624,770 this fiscal year. Worker's Compensation costs for the coming fiscal year are proposed to include increased monies. The proposed radio costs are for a countywide radio system and new radios are needed because of that new system. A one cost is \$319,000 costs for radios for Police, Fire, and Public Works. The radios are a must in the coming fiscal year. There are then annual costs for the radios are \$34,300 that will be divided by department.

Commissioner Decker explained that Dave Schwab from Waste Management is working on getting the exact costs for the recycling costs. The Bloomington facility is not paying for material anymore. However, recycling has been cheaper than taking things to the landfill. Once China stopped taking recycling, the costs for recycling has gone up. Commissioner Decker said that Mr. Schwab believes that the recycling costs are below the \$56 for the garbage; however, he is not sure, and the details will be received. The recycling costs need to get to around \$48 to be equal. The city is considering whether to bring back recycling.

Mayor Kahl explained that the recycling program was suspended along with other cost cutting measures. The proposed recycling budget does include recycling; however, it has not yet been approved. The recycling comes from general funds dollars and not property tax monies. Those proposed costs for recycling if it is brought back are anticipated at \$329,000. The City needs to know the true costs in determining whether to move forward with recycling. It is estimated that the costs of recycling will continue to increase.

There was an inquiry about discussion about rejected recycling materials that are either contaminated or not able to be recycled. Anyone that wants to see the recycling facility, can do so. When material is contaminated not all the recycling that is in an entire batch is discarded. The Bloomington facility tries to sort the recycling material, and the facility never throws away an entire batch. If the recycling is brought back, an educational component is important to let residents know information, such as what materials are recyclable.

Commissioner Mingus inquired about possible improvements to EastSide Centre. Mayor Kahl explained that improvements are not included in the capital plan, and Director Doug McCarty will have plans to present to the City Council separately in the future.

Mayor Kahl commented on the American Rescue Plan explained that it is estimated that the City will receive \$2,790,000. The first half is to come to the City within sixty days and the other half is to be paid within a year from that date. There are some restrictions on those funds. Those dollars are not included in this capital plan for next year. The City Council will need to determine how to distribute those funds in the future. Mayor Kahl will be bringing that discussion in the future once the City knows how much it will receive.

Mayor Kahl asked any Department Heads to come up and make comments if they wished. There was no response. For the first time last year, the City Council did approve a five-year capital plan which was thrown off track by COVID. The plan is get the capital plan back on track.

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

Mayor Kahl asked for any comments from the audience.

Charlie Morgan came up to the podium to comment on recycling. He explained that he will wait and see what the costs are estimated to be. He explained that the City does not make money or even breakeven with recycling. He explained that even if there is a little contamination, he believes it is discarded. He does not feel that the City should be spending money that is going to lose money in the fiscal state that the City is currently in. He feels that EastSide Centre improvements need to be made, because EastSide Centre could be a real moneymaker if the City makes the necessary improvements. An employee that was shifted out of recycling will come back into the Streets Department from the Water and Sewer Department if recycling is brought back. Mr. Morgan commented on hotel motel tax being down. Mr. Morgan commented on Sports Betting doing well at the casino.

Mayor Kahl explained that the State of Illinois keeps all the sports betting revenue and the City does not receive any money from sports betting. Mayor commented on the recycling bids that were received. If people are not recycling properly, it is costing the city more money because it needs to be sorted and sent to the landfill. There is going to be an educational component if recycling is brought back.

Commissioner Mingus explained that a cost benefit analysis for recycling needs to be discussed. If recycling is not brought back, those funds go into the general fund and the city needs to determine where those funds will be spent. The City needs to determine whether it would like to spend money on recycling or have more money go into capital.

Commissioner Decker commented on clean up week and explained that it estimated to cost \$50,000-\$60,000 for the cleanup week in the coming fiscal year. Some residents are asking for two cleanup weeks; however, the costs are great. There is a discussion of when the city should have the cleanup week. Cleanup week is tentatively set for next fall; however, the date is still open for discussion.

Commissioner Sutherland commented on recycling and explained that part of the recycling equation is using less materials that create waste. He commented on restrictions for materials to be recycled.

Mayor Kahl asked for any further comments. There was no response.

Motion by Commissioner Decker, seconded by Commissioner Mingus; 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 4:51 P.M.

/s/ Morgan R. Cadwalader

Morgan R. Cadwalader, City Clerk