

MINUTES
November 12, 2019
Committee of the Whole
City of Batavia

Please **NOTE:** These minutes are not a word-for-word transcription of the statements made at the meeting, nor intended to be a comprehensive review of all discussions. They are intended to make an official record of the actions taken by the Committee/City Council, and to include some description of discussion points as understood by the minute-taker. They may not reference some of the individual attendee's comments, nor the complete comments if referenced.

Chair Wolff called the meeting to order at 7:00pm.

1. Roll Call

Members Present: Chair Wolff; Ald. Miller, Russotto, Beck, Knopp, Chanzit, Salvati, O'Brien, Callahan, Meitzler, Malay (entered at 7:01pm), Uher, Cerone, and McFadden

Members Absent:

Also Present: Mayor Schielke (entered at 7:16pm); Chief Diecke, Batavia Fire Department; Chief Eul, Batavia Police Department; Laura Newman, City Administrator; Gary Holm, Director of Public Works; Peggy Colby, Director of Finance; Jeff Albertson, Building Commissioner; Drew Rackow, Planner; Scott Buening, Director of Community Development; Rahat Bari, City Engineer; Howard Chason, Director of Information Technology; and Jennifer Austin-Smith, Recording Secretary

2. Reminder: Please speak into the microphone for BATV recording

3. Approve Minutes for October 22, 2019

Motion: To approve minutes for October 22, 2019
Maker: McFadden
Second: Salvati
Voice Vote: 13 Ayes, 0 Nays, 1 Absent
Motion carried.

4. Items to be Removed/Added/Changed

There were no items to be removed, added or changed.

5. Matters From the Public (For Items NOT on the Agenda)

There were no matters from the public at this time.

6. Consent Agenda

a. Resolution 19-115-1R: Accepting a Plat of Dedication for a Portion of Giese Road (SCB 10/31/19) CD

Motion: To approve the Consent Agenda as presented

Maker: Chanzit

Second: Knopp

Voice Vote: 14 Ayes, 0 Nays, 0 Absent

Motion carried.

CONSENT AGENDA

7. Public Hearing on the 2020 Budget

Bob McQuillan distributed a handout to the Committee titled “Budget of \$30 Million with a \$2.0 Million Dollar Deficit. Reserves of \$13.6 Million.” He stated that if you look at the revenue, the revenue has increased \$2.4 million versus the 2017 actual, which is an average of \$800,000 each year. \$1.3 million of that increase was in property taxes. We have lost \$800,000 in sales tax fees and services since 2017. The expenses have increased \$2.7 million versus the 2017 budget, which is an average of \$700,000 a year. That is a 9.7% increase. As this budget is proposed, in 2021 revenues are expected to increase by \$200,000 but expenses are expected to increase by \$600,000. In 2022 the revenue would then increase by \$200,000 but expenses will go up by \$700,000. In 2023, revenues go up \$400,000 and expenses go up \$700,000. We are looking at planned deficit spending over the next four years. Video gaming the budget for 2020 is \$75,000 in revenue. That is a very small amount compared to overall revenue, we should not expect a whole lot from video gaming. The pension cost are 3.3 million dollars between the police and the fire departments.

He wonders where the City stands on the percent of the pensions that are funded. He knows that some cities have got into trouble in the past by not funding the pensions. His next concern is the development department. In the budget it talks about a business registration program, which is scheduled to offset the costs of the new economic development manager. Is the City going to charge local businesses to cover the expense of the new position. It would be hypocritical to charge the local businesses for it. He does not understand what the registration program is. They are also planning on using economic consultants to target specific businesses. Why? Shouldn't the new manager have experience in targeting different types of businesses. Why would you hire someone who is supposed to be the economic development manager and he does not have experience in going out and looking for various businesses. He does not see the need of attaining an economic consultant. The City would just be paying someone else to do what the economic development manager should be doing. The salary in this department has increased from \$718,000 to \$885,000 in three years. The overall expenses increased \$400,000 in this same period. He is wondering what are the tangible new businesses that the City get for this money that we invested in this department. How will the new economic development manager be evaluated? If no new businesses or revenue is brought in, would the economic development manager be let go or would they be able to continue to go on and on. Engineering has had a \$150,000 wage increase over three years and a total increase of \$170,000 and we should be asking why. Public properties and services went from \$1.0 million to \$2.4 million in three years. Why? Utility billing should consider incentivizing residents for on-line payments and if we do

that can we outsource the mailing of the bills and cut down that staff or outsource it completely. He is looking for ways to cut money in the budget. Overtime and double time in the police, fire and streets departments total \$687,500. He can understand the extra charges in the street department in the winter due to plowing and the cost of salt. He can't understand the overtime in police and fire except if we are understaffed in those departments. We could hire staff and save on overtime. A staff person would cost less than overtime.

The reserve amount for any taxing body always baffles him. To have millions of dollars in surplus means that somebody or some group was overcharged. Since, in most cases, property tax is the biggest revenue line item, it means that property owners have been overtaxed. Now I have read there is or will be a new proposal to us \$1.7 million in reserves for improvements to City Hall. Why not rebate some of the \$13.6 million in reserves back to the property owners. It appears that might be the plan over the next four years as the proposed budgets through 2024 call for deficit spending. Or is the plan not to rebate the property owners but to continue to increase City spending.

McQuillan stated if you are already looking out three to four years and you are already saying we are going to have less revenues than expenses then you seriously need to look at cutting expenses as opposed to going into deficit spending. The biggest cost is going to be staffing. You need to take a hard look at the number of people who are working for the City and what their jobs are and if we could condense some things. He shared that he understands budgets and have worked with them for forty years. When you are looking at proposed deficit spending budget for four more years you have to do something. Right now you are planning for deficit spending, which could become a really big problem.

He left the Committee members with this thought; sometimes the goal of City staff does not match the goal of City residents. You, as elected members of the Council, are charged with meeting the goals of the residents.

Colby answered the questions brought up by Mr. McQuillan. She stated that Police pensions are funded at 54% and fire pensions is at 66% and we have always funded it at 100% of the actuary recommendation. Newman noted that there is only a limited amount that could be invested in the typical money market investments and that is one of the things that has made it difficult for a public sector pension to keep up pace. Colby discussed the actuary process. Newman added that with State law, the City has an obligation to be 90% funded by the year 2040 and that factors in with the actuary's recommendations.

Colby stated Economic Development and Community Development were combined but the increase in the salary is related to hiring a building inspector at the end of 2018. That increased salaries there. There have also been increases in contracted services. Newman stated that economic manager position will be given targets and held to performance standards. That position is expected to bring business into Batavia but also expected to take measures to retain our most important businesses as well. Newman discussed the business registration program.

Colby discussed the engineering department wage increase. She explained that in 2017 there was an extended vacancy in the department so the salaries were low that year. For utility billing, there

is a supervisor and two employees in that department and they prepare the bills and someone still needs to calculate and prepare the bills. We would always need someone to prepare and monitor the bills and accounts receivable. Colby discussed the projects in streets and sanitation and noted that the spending goes down in 2020.

Motion: To close the Public Hearing
Maker: O'Brien
Second: Uher
Voice Vote: 14 Ayes, 0 Nays, 0 Absent
Motion carried.

The public hearing was opened at 7:02pm and closed at 7:29pm.

8. Ordinance 19-80: Proposing the Establishment of Special Service Area 42 for the Nagel Industrial Park PUD/Farmstead III (Fabyan Parkway and Nagel Boulevard) (SCB 11/7/19) CD

Buening stated that this Special Service Area (SSA) was created in 2000 but for some reason it never was recorded. This ordinance is to restore the SSA and its funding.

Motion: To recommend to City Council approval of Ordinance 19-80: Proposing the Establishment of Special Service Area 42 for the Nagel Industrial Park PUD/Farmstead III (Fabyan Parkway and Nagel Boulevard)
Maker: O'Brien
Second: Uher
Voice Vote: 14 Ayes, 0 Nays, 0 Absent
Motion carried.
CONSENT AGENDA

9. Resolution 19-117-R: Authorization to Bind Insurance for GL, Property and Workers Compensation (PC 11/07/19) GS

Colby overviewed the memo.

Motion: To recommend to City Council approval of Resolution 19-117-R: Authorization to Bind Insurance for GL, Property and Workers Compensation
Maker: Chanzit
Second: McFadden
Voice Vote: 14 Ayes, 0 Nays, 0 Absent
Motion carried.
CONSENT AGENDA

10. Ordinance 19-78: Amending the Municipal Code Relating to Water Usage Rates (GH 11/6/19) PU

Holm discussed development, improvements, expansion, capacity and regulatory requirements of the wastewater treatment plant. O'Brien discussed the phases of the wastewater treatment plant and the benefits for the City. Colby overviewed the sewer projects that are underway and the costs associated with it, which are over one million dollars. Holm noted that he will get the

master plan back onto the website. Mayor Schielke shared how the City of Batavia attempted to do utility sewer improvements cheaper and how that still affects the City today. The water system and sewer system went into effect in 1912 just as Mooseheart was coming to the City and the City tried to economize by putting in subpar systems on each side of the river. We have ended up spending a lot of money trying to fix the system.

Motion: To recommend to City Council approval of Ordinance 19-78: Amending the Municipal Code Relating to Water Usage Rates
Maker: Knopp
Second: Malay
Voice Vote: 14 Ayes, 0 Nays, 0 Absent
Motion carried.

11. Ordinance 19-79: Amending the Municipal Code Relating to Sanitary Sewer Usage Rates (GH 11/6/19) PU

Motion: To recommend to City Council approval of Ordinance 19-79: Amending the Municipal Code Relating to Sanitary Sewer Usage Rates
Maker: Knopp
Second: Malay
Voice Vote: 14 Ayes, 0 Nays, 0 Absent
Motion carried.

12. Resolution 19-118-R: Approving Task Order #3 with Siemens for an amount not to exceed \$39,889.00 to Perform Equipment Inspection and Cleaning at Main Substation, Northeast Substation and Southeast Substation (RB 11/8/2019) PU

Holm stated that in 2018 it was discovered that there was an issue with the breakers. There is evidence of tracking, which is a crackling noise. The crackling noise is not supposed to happen. This is a widespread issue. The City budgeted for replacement in 2019 but at that time in 2018 City staff had them fully clean all of the breakers. They said that cleaning all of the breakers might buy us five to ten years or nothing. In 2019 there were no tracking issues or corona issues and staff agreed to return a year later to see how they are doing. We have now found the issues are back again. It is clear that they need to be replaced. However, in regards to safety, we would like to have them cleaned in the interim until they are replaced in 2020. In between now and then the breakers should be fine. Holm stated that the cause of this issue is more than likely due to a manufacturing issue but we are well beyond our warranty.

Motion: To recommend to City Council approval of Resolution 19-118-R: Approving Task Order #3 with Siemens for an amount not to exceed \$39,889.00 to Perform Equipment Inspection and Cleaning at Main Substation, Northeast Substation and Southeast Substation
Maker: Malay
Second: Salvati
Voice Vote: 14 Ayes, 0 Nays, 0 Absent
Motion carried.
CONSENT AGENDA

13. Discussion: 2020 Budget

Colby presented a PowerPoint presentation to the Committee that contained the following information:

- Changes since distribution
- Reduce property tax revenue by \$250,000
- Increase sales tax
- Reduce telcom tax
- General fund revenue budget as originally presented
- Current 2020 Budget for GF Revenues \$28.3 million
- Reduce General Fund Spending by \$50,000
- Add \$1M to 10-90-7048 for City Hall Capital Transfer
- Expenditures as originally presented
- Property Tax with ~\$250K
- Additional tax, rate, \$300K home, 5 yr Impact budget, 5 yr impact \$300K home
- History of sales tax and projected 2020 budget
- Water utility
- Wastewater utility
- 2020 Budget for all Funds
- 2020 Reserves (with modifications)

Chanzit stated that through all of the years he has been with the City he couldn't recall a deficit for the budget ever. Colby answered that for the budget we never had a deficit budget for operations. This would be the first year where we intentionally have a budget for passing it with a deficit operational budget. Colby stated her recommendation would be to cover that deficit so that we were only using it for capital but she understands the Council's concern about the level of the reserves. Chanzit stated that he fears that if we approve a budget that does not have an increase of some kind that we will be talking about a substantially larger increase next year. He fears that Home Rule Sales Tax would likely be on the table. Colby stated that would be one of the options that staff would present. Chanzit stated that he would rather have an uncomfortable discussion tonight than have an angry discussion next year when we have a room full of people. Chanzit asked what Strategic Plan items that are in the budget. Colby answered that the only Strategic Plan item in the budget is the traffic study for the road diet. Chanzit stated that he feels that we are missing something here. He is okay moving forward with what is on the table because we have to approve the budget but he would like a discussion on what taxes would look like next year. He does not review the reserves as a savings account but we could save ourselves from a natural disaster due to the reserves. Colby stated that is the purpose of having some reserves, our policy calls for sixty days in reserves but she feels more comfortable with ninety. Chanzit stated that at this rate the reserves would be all gone in six years. We could have increased a by a penny five years ago and another penny four years ago, etc. We should be on that trajectory if we are going to tackle anything that we want to do.

Callahan stated that we never have the equal discussion on how much are we going to cut on equal consideration with raising revenue. The easier thing to do is to say let's take a penny here and a penny there. Maybe we should we say we cannot afford to do those things because this

town still really is great. Maybe we say the branding projects that we want, no matter how much we want them and would like to do them, we don't do them right now. Newman commented the City Council would have to cut staff positions every year in order to maintain a zero increase to expense year on year. O'Brien stated that we have always heard that staffing has been depleted since 2010 and we are not giving them more people. No one wants to raise taxes but they do want the services that cost money to do. There are maintenance fees and that costs money. We say we want to fund things but we have no money. He is opposed to taking money out of our reserves. Our reserves are there in case of emergency and natural disasters. Climate change is upon us and we don't know what is coming at us but we need to be prepared. We will need finances to absorb whatever damage is done. We have to use some of it but he does not want to do this all of the time. We have to be creative to get more sales tax. We need our sales tax base up and running and stronger. Callahan concurred. He added that economics is all about the confidence in your ability to spend. We could lead by example. Callahan stated that he does not believe that anyone here is in support of continued deficit spending forever. Meitzler stated that we need to pull back on some of our wants. Newman commented that the leaf pick up on Saturday was overtime, should we not have done that. That is some of the decisions we will have to make in the future with this type of spending plan. Wolff stated that if we want to keep our costs down we would have to discuss as a Council that we are not going to provide some services or some things will not be there.

Beck commented that Chanzit brings up a lot of valid points and there are so many exciting things in the Strategic Plan. She stated that she fears that we are always relying on growth to cover past cost and that will run out eventually because there are limits to growth. There are ways to develop that are productive and yield more results than just growth. She would be willing to see some pennies added if it is matched with a commitment that we really evaluate the way we plan to grow. Whether it is adding more housing, streets, parking lots, and commercial areas, that we are doing it productively. She would like to have more discussions on productive growth in the future. We need to start restrictions on the way we grow and change the way we develop and not just rely on growth. The Committee discussed the \$12.00 a year option. Knopp agreed with Callahan's comments that if you are going to have an increase in taxes to have a dollar for dollar cut somewhere. We have to look at needs versus wants. Newman stated that the road diet traffic study is to mediate the very dangerous crossing at McKee and Batavia Avenue. A road diet was identified as a way to address it. This is not just a want to some people. This was also seen as a way to promote growth by providing a way for people to safely come to the downtown from our west side. This could be an investment in economic growth as well. Knopp stated that he does not feel it is necessary year after year for people's property taxes to be going in one direction.

Colby stated that we would be fine this year, as we have discussed, because we have reserves but next year there may not be some of the one-time revenues and there will be a larger gap to fill.

Motion: Vote to reconsider the prior budget vote by the Committee of the Whole

Maker: Beck

Second: McFadden

Roll Call Vote: **Aye:** Beck, Chanzit, Wolff, O'Brien, Malay, McFadden

Nay: Miller, Russotto, Knopp, Salvati, Callahan, Meitzler, Uher, Cerone

6-8 Vote, 0 Absent, Motion failed.

Colby asked if the Committee was still in favor of keeping the \$1M to 10-90-7048 for City Hall Capital Transfer within the budget. The consensus of the Committee was in favor of that remaining in the budget. Colby stated the budget resolution will be held at the next COW meeting for City Council on December 2, 2019.

14. Project Status

Newman reported on the following:

- Tri-City collaboration to make the applications to become a Dementia friendly area and how to better serve that population. The City of St. Charles is leading this effort. Newman stated that this would be a great thing that the Tri-Cities could do.
- Community and economic development updates:
 - Light Industrial building at 1850 Fabyan Parkway will be ready for occupancy in 60 days
 - 15 acre commercial property site at Prairie Commons has selected CDRE to begin marketing for sale and development
 - Staff has reviewed the direction Council provided in regard to short-term rental and staff will be bringing some proposals for changes in regulations to the COW
 - Fire department has been sending correspondence to our local businesses on protecting sprinkler systems in extreme cold
 - Information systems we had multiple discussions with vendors regarding council chamber video system. This was prompted by BATV improving their equipment to help with their feed at Council Chambers. The new equipment in Council Chambers will help BATV pick up the feed for the broadcast.
 - Resume leaf collection as soon as the snow melts.
 - The Small Business Information Forum is tomorrow morning and we will be hosting forty people including some of our aldermen.

15. Other

Malay stated that he had a meeting today with Batavia High School along with Steve Vasilion regarding the chalets/tiny shops. The plans that Steve Vasilion was working on were shared with the stakeholders of the Building Trades II program and they were on board and excited about this collaboration. Vasilion has volunteered to work with two architectural drawing students to have them make further designs on the other chalets/tiny shops.

16. Adjournment

There being no other business to discuss, Chair Wolff asked for a motion to adjourn the meeting at 9:54pm; Made by Salvati; Seconded by Uher. Motion carried.