

**CITY OF ROCK ISLAND
CITY COUNCIL STUDY SESSION
January 27, 2020 - 5:30 p.m.**

**City Council Chambers, City Hall, 3rd Floor
1528 Third Avenue, Rock Island, IL**

1/27/2020 - Minutes

MLK OVERVIEW

Martin Luther King, Jr. Center Director Jerry Jones discussed the organization's mission. He talked about the history of the organization, how it came to be founded in 1975, and the initial amount needed to construct the building. He said it was opened with the goal of providing all of the social services that citizens would need for development. Eventually the MLK Center started developing their own programs. He said the Board of Directors authorized a capital campaign in 2009 and raised \$3.6 million for renovation and addition to the building. He said that the Center is both a non-profit organization and a City department, which makes it unique. In 1975, the Center was a division of the Human Resources Department, but still had an advisory board to serve the non-profit side.

Mr. Jones discussed the organizational chart for the Center, specifying that City Council plays a major role, including approval of appointments to the Center's board. He listed the number of staff. He said there was no challenge to him, and saw instead synergy, as the division of responsibilities has allowed the Center to grow exponentially. Mr. Jones said the Council provides guidance and also approves appointments to the Council. He said the Board of Directors is responsible for the activities of the Center. He said the City does provide support and funding for their administration. He said the Mayor appoints positions to the Center Board, but the Mayor also allows for the Center to make recommendations for those appointments. He said the Board consists of eleven members, with three officers that serve three-year terms each. He listed the committees within the Board. He said there is a good balance between citizens and City Council on the Board, and then named the Board members.

Mr. Jones discussed the Center's 2020 budget expenditures by category, which is close to \$1.2 million. He said most of the expenditures are from personnel. Using the slides, Mr. Jones explained the other areas in which expenditures are made, including administrative and building costs, as well as capital improvement projects. He said the largest revenue service is the State of Illinois, which is roughly half of the total budget. Mr. Jones discussed the different programs and services the Center provides with their budget.

Alderman Spurgetis asked for clarification on what some groups do that were listed in the presentation. Mr. Jones discussed the activities of the groups in question. Alderman Spurgetis thanked Mr. Jones for explaining.

Mr. Jones discussed the grant-funded sources for the Center's programs and activities in the presented slides. He then listed the events the Center holds, and where the funding comes from for those. He said it may be difficult to sustain the funding this year for all of these events, but with new volunteers and donors he is hopeful. He discussed the leases and rentals portion of the Center's funding, as well as other sources of income.

Mr. Jones discussed how the Center fits into the City budget. He showed a pie chart that indicated the Center accounts for 0.4% of the City's General Fund budget, 1% of Capital funds, and 2% of Economic Development funds.

Mr. Jones discussed the accomplishments by the Center in 2019, and detailed a new strategic plan for 2020. He also discussed a new mission and vision for the Center. Mayor Thoms said he was pleased with Council's decision to rearrange qualifications to be on the Center's Board, amending the residency requirement. Mr. Jones thanked the City for their contribution in helping the Center provide services. He said they help roughly 2,200 children in the area. City Manager Randy Tweet asked Mr. Jones to clarify what grant funds were allocated for personnel. Mr. Tweet said he had received many questions regarding the sources of funding to the Center, and told Council this was an opportunity to ask all pertinent questions of Mr. Jones.

Alderman Hurt asked where the local grants come from. Mr. Jones said the largest donor is the United Way of the Quad Cities, and listed additional donors. Mayor Thoms thanked Board members David Levin, Ted Pappas, and Michael Glance for their contributions to the Center. Mayor Thoms thanked Mr. Jones for his presentation.

HYDROPLANT UPDATE

Public Works Director Mike Bartels came forward to discuss the current status of the City's Hydroplant, as well as a brief history of it, a detail of repairs and cost needed to return it into operation, and options to consider moving forward. He introduced Lisa Perry, Hydroplant Manager, and Jason Upton, Utilities Superintendent. He talked about how the Hydroplant captures energy, converts it to mechanical energy, then into electricity.

Mr. Bartels listed the City facilities that receive power from the Hydroplant. He said the utility bills received at those facilities receive are offset by the power generated by the Hydroplant. Mr. Bartels discussed the problems currently faced by the City in providing repairs to the plant, as well as how that came to be. He said the current cost of known repairs is \$167,000 to return the plant to operation. Alderman Hurt asked about the 2010 repairs and what repairs have been required over the past few years. Mr. Bartels asked Ms. Perry to comment. Ms. Perry gave a summary of the Hydroplant's history of repairs. She said the turbines were the originals from 1912, and discussed the challenges to find vintage parts, as modern ones will not meet needs. Alderman Hurt asked for confirmation that the proposed repairs are the first major investment that is needed. Mr. Bartels confirmed.

Alderman Parker asked if there was a standard lifespan for the equipment. Ms. Perry said the standard is 25 years, but due to the equipment's design, the lifespan has been shortened prematurely. Alderman Parker asked if the City had an engineer inspect the 2010 repairs, and Ms. Perry confirmed no. Mr. Bartels continued discussing the necessary repairs not part of the cost estimate of \$167,000. He estimated the extra cost at \$100,000. Alderman Poulos asked if there was a break even mark if the City proceeded with repairs. Mr. Bartels said this is the first major repair since 2010, and going forward they expect maintenance to be the monetary commitment.

Mr. Bartels listed the required preventative maintenance items by the insurance carrier. Alderman Parker asked if these were needed just to keep the insurance, and Mr. Bartels confirmed yes. Mr. Bartels showed pictures of the current conditions of various plant components. He and Ms. Perry discussed the difficulties in making repairs to these components when water is high. Alderman Spurgetis asked if these buoys were on the Steel Dam or Sears Dam, and Mr. Bartels confirmed both.

Mr. Bartels discussed other operational costs, including the requirements of the Federal Energy Regulatory Commission (FERC). He said an update to the buoy string would be \$85,000. FERC also wants an intermediate attachment point in the center of the river with an estimated cost of \$65,000. Ms. Perry confirmed to Mayor Thoms that whomever maintains the lease must meet these requirements.

Mayor Thoms asked for clarification on the lease. Mr. Bartels said the City has an annual lease of \$5400 with the Department of Natural Resources (DNR). If power is not generated, the lease cost is \$100, but three months of documentation is required to do so. Terminating the lease would require a 90 day notice and further documentation for declaration of financial hardship, as well as other requirements. Mr. Bartels said the building would need to be returned to the original condition, and he confirmed the City received it in poor condition.

Mr. Bartels discussed the costs per year of leaving the plant idle, and the estimate is \$259,000. Ms. Perry discussed the typical maintenance and cleanup involved despite the plant being idle. Mayor Thoms asked for confirmation that this scenario was only if the plant was idle, but the lease was not terminated. Mr. Bartels confirmed yes, and went through a summary of costs involved regarding repairs and maintaining the plant in an idle state.

Mr. Bartels discussed the three possible recommendations of the Public Works Department. He said the first is to terminate the lease with the DNR and declare the equipment as surplus to sell. He said the second is to amend the current lease with the DNR to a new lessee and sell the equipment to said lessee. The third would be making the repairs to the Hydroplant and continue ongoing maintenance. He said dependable operation is difficult due to fluctuating river levels and possible equipment failures. Mr. Bartels and Ms. Perry discussed the additional factors including time constraints on staff that present challenges to the Hydroplant. Alderman Spurgetis asked that if the City terminates the lease, would the City still own the building. Both Mr. Bartels and Ms. Perry said no. Alderman Spurgetis said option one appears to be the simplest and most cost-saving, and asked the plant could be converted from hydroelectric to solar electric power. Mr. Bartels and Ms. Perry said since the State owns the building, they would have to approve it, as the lease states it will only be a Hydroplant. Ms. Perry also discussed the challenges in ending the lease and what would happen.

Alderwoman Swanson asked if the bond would still need to be paid if the plant was closed. Mr. Bartels confirmed yes. She asked what the feasibility of finding a new lessee was. Ms. Perry replied that the Hydroplant inspector expressed interest until he viewed the contract, and he realized there was no money in it for him. Alderman Parker how much it would have saved the City if the Hydroplant had been in operation all of 2019. Mr. Bartels said that Mid-American Energy ran numbers from 2010 to the present, and at average production it would have been \$90,000. He said the Hydroplant would always be susceptible to high river levels, equipment failures, and mandates, which is why they have come before Council with their recommendation. Mr. Tweet asked Council to let him know what additional information they may need to help arrive at a decision.

Alderman Parker asked if any contractor the City has worked with would have interest in purchasing the plant, including Johnson Controls. Mr. Tweet said it could be asked of that company. Alderman Parker said his main concern was the eight remaining years of bond that is still owed, and would like to find a creative solution. Alderwoman Swanson said the City would need to pay much more to receive anything back. Mr. Tweet said there was no guarantee of production due to unknown water levels. Alderman Spurgetis said if it was sold or put out of use, there would be automatic savings, and Mr. Bartels agreed. Alderwoman Swanson said she thinks the City would be better off putting resources towards something that would not be a financial drain. Mr. Bartels said Public Works would be happy to come up with a proposal to present the same options to potential buyers. Alderman Parker asked how long it might take to come up with a RFQ, and Mr. Bartels replied a couple months. City Attorney Dave Morrison said the DNR may have restrictions on who the Hydroplant could be sold to.

Mayor Thoms asked if there were any additional questions, and then ended the Study Session.

Judith H. Gilbert, City Clerk