

CITY OF ROCK ISLAND
CITY COUNCIL STUDY SESSION
City Council Chambers, City Hall, 3rd Floor,
1528 Third Avenue, Rock Island, IL

8/14/2023 - Minutes

1. Call to Order

Mayor Pro Tem Bill Healy called the meeting to order at 5:30 p.m. and welcomed everyone.

2. Roll Call

Mayor Pro Tem Healy asked City Clerk Samantha Gange to call the roll.

Present: Alderpersons Moses Robinson, Randy Hurt, Judith Gilbert, Jenni Swanson, Dylan Parker, Mark Poulos, and Bill Healy in the role of Mayor Pro Tempore.

Absent: Mayor Mike Thoms

Staff: City Manager Todd Thompson, City Attorney Dave Morrison, City Clerk Samantha Gange, and other City staff.

3. Public Comment

Mayor Pro Tem Healy asked if anyone in the public wished to speak. No residents volunteered to speak.

4. Presentations

a. Rock Island Fire & Police Pension Actuarial Presentation

Finance Director Linda Barnes summarized the upcoming presentation from Bob Reitz with Lauterbach & Amen, LLP on the police and fire pension actuarial reports. Mr. Reitz began by discussing changes in the fair market value of the fund assets, noting the total value as of December 31, 2022 at \$74,381,100. He noted a loss of \$8,533,100 for returns on investment for both funds. The funds were expecting a 7 percent return, but in total there was nearly a 20 percent loss with fire and around 18 percent with police, which resulted in a loss in fair value of \$10 million from the prior year.

Mr. Reitz discussed the recommended contributions and the status of the funds. He said the total recommended contribution is an increase of \$1,817,413 or 19.73 percent over the previous year. He reviewed the unfunded liabilities, noting a \$1.5 million increase, mostly due to the investment losses. He discussed the

factors involved in the increased contributions to the pension funds, including normal costs and interest on liabilities for the funds, as well as salary increases. He said assumptions have changed, as Lauterbach & Amen are the new actuaries, which are different than the previous firm. He noted the expected rate of return and mortality are the biggest driving factors behind costs. Funding policy changes have also led to increases in costs after going from a 90 percent funded to 100 percent funded target. City Manager Thompson noted that the largest driving factor behind the contribution increase is the goal to have 100 funded after 18 years. He asked Mr. Reitz how many cities Lauterbach & Amen represented. Mr. Reitz said they represent nearly 500 cities, and not many have 100 percent funding, but it is recommended for everyone. Alderperson Parker noted that the requirement is still 90 percent funded.

Alderperson Healy said the numbers represent a shocking price tag. Mr. Reitz said that is why there are amortizations over time. Alderperson Parker asked Mr. Reitz if he had numbers for what the City's contributions would look like if the 90 percent option was preferred. Mr. Reitz pointed to page 16 of the packet describing alternative contributions. Alderperson Poulos asked Mr. Reitz if he could explain to Council what happens if the actuarial assumptions are not met. Mr. Reitz replied that if the expected returns are attained, the expected increase would be 3.25 percent each year. If the goal is not reached, it would depend on how far away from the goal the losses would be. He said there are only three ways to contribute to pension funds, including City contributions, employee contributions, and investments. Pension funds are a balancing act, and contributions would increase on the employer end if the investment targets are not met. He discussed the differences between police and fire pension funds and the Illinois Municipal Retirement Fund (IMRF), and why the IMRF funds are still holding steady.

Alderperson Gilbert recalled a previous conversation where Alderperson Poulos stated it was required by statute to adopt the Consolidated Police Pension Board assumptions. She said the City did not, and went back to what has always been done. She asked for clarification as to whether the City was required to follow the statute, or if the City could adopt their own assumptions. Mr. Reitz said the City does have discretion. Alderperson Gilbert asked Mr. Reitz what his investment recommendation was regarding this issue. Mr. Reitz said he recommended 7 percent, but the City has the flexibility if Council wants to target a different goal number. Alderperson Gilbert noted that the City does not control the investments, as the consolidated board does. In response, Mr. Reitz confirmed that was correct, adding the focus is on the long-term outlook of the funds. Alderperson Gilbert asked Mr. Reitz if the devaluation of the dollar was considered as part of the assessment. Mr. Reitz said inflation and inflation assumptions were included.

Alderperson Gilbert asked what would happen if minimum statutory contributions are made through 2040, yet the 90 percent funded target is still not reached. Mr. Reitz said as long as contributions are being made as expected, he did not believe anything legally could happen. If contributions are not made, the state can put in place an intercept function to claim property taxes owed to cities if they do not make their contributions. Alderperson Healy requested that Ms. Barnes provide a comparison of numbers for funding at 90 and 95 percent. Mr. Reitz noted that there was some talk that the funding goal could be extended to 2050, as not everyone is identifying and addressing the pension problem.

Mr. Reitz pointed the Council to page 15 of the presentation regarding risk management, and explained that the ratio of benefit payments to the fair value of assets is near 20 percent, compared to the expected rate of return on investments of 7 percent. He added that the benefit payments due are large compared to the contributions coming into the funds, noting the erratic recent performance of investments. City Manager Thompson said part of the key to progress is meeting assumptions, which haven't been done in years. Mr. Reitz noted the more recent change to regulations, which allows for riskier investments that may bring better

returns, but also may bring higher losses. Alderperson Healy asked if there would be a spike in administrative fees. Mr. Reitz replied it would likely be minimal.

Alderperson Parker asked for more information regarding the timeline for implementing the assumptions, and whether that informs the budget. He asked when the assumptions would come before Council. Mr. Thompson said different options would be discussed during budget sessions. Mr. Reitz said a transition plan could be built in over a number of years to deal with the increases, but the goal was to set the assumptions to use for long-term funding goals.

b. Downtown Rock Island Presentation

Public Works Director Mike Bartels provided an overview of the pending presentation and background on the previous downtown presentation. He said the group took Council's feedback and returned with some updates, specifically with regards to the roundabout and dog park. He said those items can be removed or eliminated, but he preferred that projects go out to bid the next day, and can go from there on alternatives or where to cut the project, as there is a need to move forward with the project design as soon as possible. He added that the project is exciting and will revitalize the downtown area.

Jason McKenzie of Veenstra & Kimm approached the podium and reviewed the feedback from the project team, business owners and the public, and Council. He said the suggestions were taken into consideration, noting that the concept came from the 2015 downtown revitalization plan. He said the goals of the plan were to enhance public spaces, encourage private investment, and improve the overall quality of life for those in the downtown. He played a demonstration video of all the improvements taken into consideration.

Saloni Sheth of Streamline Architects addressed Council, stating an effort had been made to incorporate the goals mentioned by Mr. McKenzie. She noted the congruence between the proposed gateway arch and nearby Schwiebert Park. She discussed the cohesiveness of design elements to match what was already present. She reviewed the research performed on the proposed roundabout, noting that roundabouts have been shown to be safer than 4-way stops, as there are fewer opportunities for collisions to occur. She added that the roundabout design is more beneficial for the aesthetic impact, and serves as a focal point for the downtown.

Ms. Sheth reviewed the green space area, the block letter sign, and dog park design. She noted the inclusion of areas for food trucks along the green space area, and added that it would create a separate location for vendors that would not compete with existing restaurant locations. She pointed to options that would omit string lighting in favor of standard street lights near the block letter sign. She showed options for the proposed outdoor seating areas along the wide sidewalks. Revisions for the dog park include the replacement of wrought iron fencing to chain link, as well as adding separate spaces for small and large dogs. She also reviewed the design for Arts Alley, noting the potential for various patron activities and vendor participation.

Andrew Dasso, President and Architect for Streamline Architects, discussed the WHBF-TV tower, stating that it would be the focal point for the downtown. He discussed the benefits of the gateway arch, the dog park, Arts Alley, other alleyways, and how they would be good spaces for various events. He reviewed the timeline for implementation and approval of the proposed design.

Aldersonperson Hurt asked about the cost savings from switching to a chain link fence in the dog park. Mr. Dasso responded it would be approximately \$30,000. Aldersonperson Hurt asked about the safety of the sidewalks and where the seating areas would be. Mr. Dasso discussed the distances between the walkways, seating areas, and curblines.

Aldersonperson Robinson asked about the timeline for getting the proposed murals on the buildings, and whether that was reflected in the timeline. Mr. McKenzie said it was in the budget for Quad City Arts to allow for a Request for Qualifications (RFQ), and it would likely bid around the same time as the construction elements. He added that murals would likely be put up after the construction in the area so the murals would be undisturbed. Jack Cullen, Executive Director of the Rock Island Downtown Alliance (RIDA) said it would depend on the artist, but murals could be done in a short time. He noted they should coincide with the construction timeline. Aldersonperson Gilbert asked how long the murals would last, as there are several that need to be redone in the downtown. Mr. Cullen said the lifespan of the murals are approximately 10 to 15 years, and they would be done in tandem with the approval of the property or business owners. He noted that a seal to protect the murals is built into the budget.

Aldersonperson Robinson asked about the plan with regards to the string lights. Mr. Dasso said they have provided a few options, including uplighting, but it is difficult to show in a rendering, and they are still exploring other options. He added that the lawn space does have options with and without lighting, they will have it as a line item as an alternative. Aldersonperson Swanson asked for confirmation that the bidding for certain items would occur separately, such as the dog park or string lights. Mr. Dasso confirmed they would be. Aldersonperson Gilbert asked who would be responsible for changing bulbs on the string lights. Mr. Dasso said the bulbs would be LED, and would have an extended lifespan. Mr. Bartels indicated it would be the City electrician that was responsible.

c. RIFAC Remodel Presentation

Mayor Pro Tem Healy noted that the RIFAC presentation would take place during the regular Council meeting under agenda item 13a due to time constraints.

5. Adjourn

a. Motion to Adjourn.

Motion:	Motion whether or not to adjourn.
RC	Roll Call vote is needed.

MOTION:

Aldersonperson Poulos moved to adjourn; Aldersonperson Hurt seconded.

VOTE:

Motion passed on a 7-0-0 roll call vote. Aye: Gilbert, Swanson, Parker, Poulos, Healy, Robinson, and Hurt. Nay:

None. Absent: None.

The meeting adjourned at 6:42 p.m.

Josh Adams, Deputy City Clerk