

**CITY OF ROCK ISLAND**  
**CITY COUNCIL MEETING**

City Hall

1528 Third Avenue, Rock Island IL

City Council Chambers, 3rd Floor

10/17/2022 - Minutes

1. Call to Order

Mayor Thoms called the meeting to order at 6:00 p.m. and welcomed everyone.

2. This meeting will also be conducted by audio and video conference without the requirement of a physically present quorum of the Rock Island City Council due to the disaster declaration issued by Governor Pritzker.

3. Roll Call

Mayor Thoms asked Deputy Clerk Naomi Torrence to call the roll.

Present: Alderpersons Randy Hurt (virtual), Judith Gilbert, Jenni Swanson, Dylan Parker, Mark Poulos, Bill Healy, and Mayor Mike Thoms.

Absent: Alderperson Moses Robinson.

Staff: City Manager Todd Thompson, City Attorney Dave Morrison, Deputy City Clerk Naomi Torrence, and other City staff.

4. Pledge of Allegiance

Mayor Thoms led in the reciting of the Pledge of Allegiance.

5. Moment of Silence

Mayor Thoms called for a moment of silence. A moment of silence was observed.

6. Public Comment

Mayor Thoms asked if anyone in the public wished to speak. No citizens volunteered to speak in person or virtually.

7. Report from the Community & Economic Development Department regarding a Resolution establishing a second Public Hearing for the Proposed Downtown Special Service Area.

MOTION:

Aldersperson Parker moved to adopt the resolution establishing that a Public Hearing shall initially be opened on October 24<sup>th</sup>, adjourned until November 14<sup>th</sup>, continued on November 14<sup>th</sup>, and finally closed on set date; Aldersperson Swanson seconded.

VOTE:

Motion passed on a 6-0-1 roll call vote. Aye: Healy, Hurt, Gilbert, Swanson, Parker, and Poulos. Nay: None. Absent: Robinson.

8. CY 2023 Budget Update and Discussion.

City Manager Todd Thompson discussed how budgeting fits into the framework of achieving results and planning for the future. He said Finance Director Linda Barnes would provide an overview of where the City is at in 2022 and what 2023 will bring.

Mr. Thompson offered his philosophy regarding best practices for budgeting. He said he follows four primary criteria for budgeting. The first is to have an effective policy document that incorporates goals and priorities that provide opportunities for citizens to become involved. The second is that a budget should involve a financial plan. The third is for the budget to serve as an operations guide to determine positions and assignments, departments and programs, and levels of service provided. This would also include measurements for performance. The fourth is to serve as a communications tool that is well-organized and easily discernible to the public, and also allows for review and input from citizens.

Mr. Thompson discussed how the budget process is guided. The budget should include a long-term focus and perspective, which achieves results of the Council and community. It would focus on priorities and doing important things well. The budget should fit into the planning process, and how each plan feeds into the other. He referenced the Council Goals set in 2021 and said he has worked with department heads to determine the status of the goals as it relates to developing the budget. He said past practice has been to have a goal-setting update at this time of year, but he sees the strategic plan as a two- to five-year document. He suggested spending time after the 2023 election cycle updating the strategic plan in a meaningful way.

Mr. Thompson discussed the established Council Goals. Pertaining to the goal of Financial Sustainability, the City has initiated the process of replacing software through the American Rescue Plan Act (ARPA), and a consultant proposal would be brought forth soon. The

Communications goal was effected by hiring a Community Engagement Director, as well as developing a City policy on operating structures and standards. A possible community satisfaction survey is also in the works for release by the end of 2022. This tool is important to compare Rock Island with other cities to see where there is or is not progress, and to identify what is important to citizens.

Under Council Goals for Economic Development and Placemaking, Mr. Thompson noted the formation of a regional land bank, a potential new agreement with the Development Association of Rock Island (DARI), and the possible implementation of a Special Service Area (SSA). He said in the future, it would be important to develop a specific strategic plan for economic development as well as strategies for specific City areas. He summarized the strategy of managing for results, noting it is important for an organization to consistently think about improvement. He said a different format to develop the Capital Improvement Plan (CIP) is ongoing, and will look to remove items that do not necessarily qualify as capital. He said there are many positive things to discuss, especially as ARPA funds have made it easier to address City needs. There are also struggles, including working to balance the Park and Library funds. He asked Council for questions prior to the budget presentation.

Finance Director Linda Barnes discussed the General Fund projections for CY 2022. As of September 30, 2022 revenues were 85 percent, which is a 10 percent higher mark than expected. Projected year-end revenues will exceed the budget and finish above the 90-day reserves. Individual income, corporate, and sales taxes all came in higher than expectations and outperformed 2021. State income and replacement taxes are reporting higher. She described graphs showing revenue budget comparisons. She noted that license and permit projections are slightly higher than budgeted. Grants and other revenues are nearly the same for budget and projections.

Ms. Barnes provided a breakdown of state and local taxes for 2022 and other fund projections. She discussed the budget percentages of all taxes. The General Fund expenditure projections for CY 2022 were at 69 percent of budget on September 30, 2022. This is lower than the benchmark of 75 percent for September, largely due to unfilled positions. Projections for City services are nearly equal to the budgeted amount. Projections for supplies and programs are trending lower than budgeted amounts, and projections for capital and transfers are nearly equal to budget.

Ms. Barnes discussed the CY 2023 budget revenues for the General Fund. Current General Fund revenues are estimated at \$44 million. She pointed to the comparison of CY 2022 and estimated CY 2023 state and local tax revenues. The Motor Fuel Tax revenues are lower due to the end of the Rebuild grant, and project at \$1.6 million.

Ms. Barnes discussed expected CY 2023 General Fund expenses, which do not include certain CIP items such as program services. Mr. Thompson added that some noted CIP recommendations are traditionally items paid through gaming funds, but due to a decline in gaming revenues, will need to be funded through a different source. Ms. Barnes said personnel represents the largest budgeted expense at approximately 76 percent, followed by services at 17 percent.

Ms. Barnes reviewed budgeted Citywide revenues by type for CY 2023, which project at approximately \$119 million. This represents an 8 percent increase over CY 2022. ARPA revenue is not budgeted, as it was previously received, and therefore only expenses in that category will be budgeted from 2023 to 2026. Taxes represent the largest category of revenues, including the Tax Increment Financing (TIF) districts. Other revenues account for the second highest revenue category at \$31.2 million, and charges for services are the third highest revenue category at \$26.3 million.

Ms. Barnes reviewed budgeted Citywide expenditures for CY 2023, projected at approximately \$135 million. Personnel is at 44 percent, which represents the largest of the expenditures. Services are the next highest category, which include utilities, consultants, and legal services. Transfers are projected at 8 percent of expenditures, and debt services are at 8.5 percent. She reviewed Citywide expenditures by fund. ARPA expenditures will be determined based on Council approvals. The largest portion of the expenditures is represented by the General Fund at \$42.8 million, followed by the Utility Fund at \$30 million. She next compared expenditures from CY 2022 with projected expenditures for CY 2023.

Ms. Barnes discussed property tax allocations for CY 2022. The property valuation provided by Rock Island County in 2021 was slightly higher, but the property tax rate was virtually unchanged. She discussed tax distributions amongst City departments. She noted that the annual valuation from the County increased by 4.64 percent. She said Council will need to make some decisions related to the 2022 levy before final projections can be provided.

Ms. Barnes discussed the Equalized Annual Value (EAV) history for the City, which has been in an upward trend since 2013. She reviewed the tax rate history by collection year since the mid-1980's. She noted the budget schedule for the remainder of the year up until final approval on December 19, 2022. Mr. Thompson added that the plan is to meet with Council members in twos to discuss the budget.

Aldersperson Swanson noted concern regarding the Library and Parks departments having the same budgeted amount as the previous year. Mr. Thompson said work is still being done to balance those budgets, and options will be presented to Council. Aldersperson Poulos said he would be able to meet with Ms. Barnes regarding actuarial results for the consolidated pension funds. Aldersperson Parker asked for an update on the City's reserves. Ms. Barnes said the City is currently at \$1.7 million over the 90 day reserve limit. Mr. Thompson said there will be a strong reserve amount, but some will need to be used on replacements and building maintenance, as well as addressing negative fund balances.

Aldersperson Poulos asked about the status of the Motor Fuel Tax funds. Mr. Thompson noted that when fuel prices rise, citizens drive less, which can impact the fund. Ms. Barnes noted that the Rebuild grant is finished, and thusly will not be included in 2023. Aldersperson Parker asked Mr. Thompson to elaborate on the consistent General Fund deficit that has been carried over for many years. Mr. Thompson replied that the economy has helped, but breaking the cycle requires working on managing expenses and optimizing revenue. He added that the General Fund is basically balanced, and that the cycle has been somewhat broken. He said the Library and Parks fund has an artificially created deficit due to the City regulating revenues, as well as increases in minimum wage that outpace revenues. The City will need to optimize revenues and hopefully build the economy. Mayor Thoms noted that part of the cycle includes capital investment.

#### 9. Overview and Discussion of City Council Goals.

Mr. Thompson began a discussion regarding activity pertaining to established Council goals.

Aldersperson Gilbert asked for confirmation that the General Fund is funded by property tax more each year as well as accounting for increased pension costs that need funded. Ms. Barnes confirmed that was correct. Mr. Thompson said his years in Missouri showed that they did not focus on the property tax levy so much as the rate, and if the EAV goes up, the rate is lowered, thus providing the same amount of funds. Aldersperson Parker said if philosophical and structural budget items were discussed earlier in the process, it may help address where certain projects should be placed. He asked Mr. Thompson when such conversations could take place in order

to address them earlier in the process. Mr. Thompson said the budget does need to be balanced, but a discussions regarding these issues should take place throughout the year. He added that it is too late in the year to have such a discussion, but would like to start earlier in the future.

Aldersperson Parker asked if those conversations would start earlier during goal setting. Mr. Thompson said that would be an appropriate time to address certain issues. Aldersperson Gilbert noted that the City is depleting the Fleet Amortization Fund to zero, and asked what should happen with that fund. Mr. Thompson said stabilizing the fund should be a goal going forward.

His suggestion to Council is to have a deeper discussion during Council goal meetings. Aldersperson Gilbert asked if the November budget presentation would be the same as previous years. Mr. Thompson said if Council is open to it, he would prefer to have department presentations on one day. Aldersperson Parker said it would depend on the content of the meeting. Aldersperson Swanson said she would prefer to not spend five hours in a meeting. Aldersperson Poulos agreed, as it would allow time for questions to the City Manager beforehand. Aldersperson Parker said if there were policy discussions, department presentations would be more useful. Aldersperson Swanson said it is not Council's role to micromanage departments.

Aldersperson Healy asked if it would be fair to have departmental presentations a week prior to the meeting. Mr. Thompson said he would work towards providing presentation information to Council in an earlier fashion.

10. Motion to Adjourn.

MOTION:

Aldersperson Poulos moved to adjourn; Aldersperson Swanson seconded.

VOTE:

Motion passed on a 6-0-1 roll call vote. Aye: Healy, Hurt, Gilbert, Swanson, Parker, and Poulos. Nay: None. Absent: Robinson.

The meeting concluded at 6:56 p.m.



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Josh Adams, Deputy City Clerk

