CITY OF ROCK ISLAND
CITY COUNCIL STUDY SESSION

County Office Building 1504 Third Avenue
County Chambers 3rd Floor
Rock Island, IL 61201

10/14/2024 - Minutes

1. Call to Order

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

2. Roll Call

Mayor Thoms asked City Clerk Samantha Gange to call the roll.

Present: Alderpersons Moses Robinson, Randy Hurt, Kevin Maynard, Jenni Swanson, Dylan Parker, Mark Poulos, Bill Healy, and Mayor Mike Thoms.

Absent: None.

Staff: City Manager Todd Thompson, Attorney Leslie Day, City Clerk Samantha Gange, and other City Staff.

3. Public Comment

Mayor Thoms asked if anyone in the public wished to speak. No one was signed up to speak.

4. Presentations

a. 2nd Quarter Financial Management Report

Finance Director Jessica Sager presented the 2024 2nd Quarter Financial Management Report and provided a review of revenues, expenditures, and net positions for all funds. The second quarter benchmark for revenues and expenditures was 50%. General Funds reported revenue at 49% and expenditures at 42%. The Public Library Fund reported revenue at 32% and expenditures at 34%. The Tax Increment Financing District Funds reported a combined revenue of 34% while combined expenditures were 17%. The Riverboat Gaming Fund revenue was at 40% and expenditures were at 21%. Ms. Sager said transfers from the Gaming Fund to the Debt Service Fund were made in June for the interest payments, and transfers for the interest and principal payments will be made in December.

American Rescue Plan Act (ARPA) expenditures were budgeted at $16.2 million for 2024, and the actual expenditures totaled $7.9 million, or 41%, for the second quarter. The Martin Luther King Center Operations Fund reported revenue at 45% and expenditures at 46%. The Community and Economic Development Fund reported revenue at 32% and expenditures at 21% at the end of June.

Ms. Sager said Enterprise Funds, such as Water, Wastewater and Solid Waste Funds, reported revenue above the benchmark, while the Stormwater Fund was slightly below at 44%. Expenses for all four funds were below the 50% benchmark. The Parks and Recreation Fund revenue was at 36% and expenses were 37%. The MLK Community Center Fund reported revenue at 43% while expenditures were at 38%.

Ms. Sager said about 50 percent of the General Fund revenue is received from state and local taxes. At the end of the second quarter, income tax revenue was at 58.9%, and replacement tax revenue was at 44.2%. Local option sales tax was below the targeted benchmark at 39.8%. Telecommunication tax and use tax were also below the targeted benchmark at 41.7% and 44.8%, respectively. Local food and beverage tax was above the benchmark at 55.8% while municipal utility tax and gaming tax were below the benchmark at 39.8% and 47.9%, respectively.

The monthly investment interest report indicates that the average interest rates paid out during the second quarter varied. Some of the investment rates rose consistently while some increased and then dipped during June. The City received a combined total of just over $678,000 in interest for a second quarter over the course of all the funds in the investments. Staff forecasted a surplus of just over $1 million for 2024.

b. ARPA Updates and Recommendations

ARPA Program Manager Samantha Gange gave an update on the ARPA plan and said parts of the original ARPA plan had changed due to several factors, including projects coming in over or under budget, changes to project scopes, and changing eligibility requirements. She said the restricted funds would need to be obligated by the end of the year and recommended utilizing interagency agreements (IAAs) for any projects going into 2025 as the IAAs will allow the City to move money from over-budgeted projects to under-budgeted projects.

Ms. Gange said ARPA Flex was introduced by the federal government in August 2023 and provided additional flexibility on how to spend funds and created new allowances, such as transportation infrastructure eligible projects and matching funds. She cautioned that the eligibility requirements for transportation infrastructure projects were specific and rigorous. Community Development Block Grant eligible projects and services were also eligible under ARPA.

Next, Ms. Gange discussed projects that had changed. She said there were several changes made to the Southwest Treatment Plant Influent Pump Station Project’s scope, and the project also faced increased costs and a longer timeframe than anticipated. She recommended reducing its budget from $2.5 million to $1 million, reallocating the remaining funds to other projects and funding the project with State and Local Fiscal Recovery Funds. She said the Mill Street Wastewater Treatment Plant Project’s scope had also changed and the cost of the project was much higher than anticipated. She recommended removing the project from the ARPA plan and finding other ways to fund the project. She also recommended removing the Backup Generators Project from the ARPA plan as its adopted budget included $500,000 towards FEMA’s Building Resilient Infrastructure and Communities Grant, and it was unclear as to if and when the grant would be awarded. She added that if the grant is awarded, the City could match it with the water funds.

Ms. Gange briefly discussed ARPA plan changes that were already approved by Council, including the Genesius Guild Project, the Highlands Springs ADA Compliance Project, ambulance cots, the electrical work for the Hauberg Estate Carriage House apartment, the Longview Park Conservatory Project and an assistance program for downtown businesses negatively impacted by construction. She said some projects were reclassified from unrestricted to restricted funds, such as the Ridgewood Parkway Project, the Longview Park Conservatory Project and the Narratives QC youth mental health services. She said Aldperson Parker suggested removing tourism dollars from unrestricted funds and reallocating towards other projects. She also mentioned that the Saukie Clubhouse Project would need additional ARPA funds for the parking lot, and it was on the October 14th Council agenda for consideration.

Ms. Gange said there were some plan changes for Council consideration. The engineering fees for the 35th Street West and Rock Island Parkway intersection roundabout and for the 31st Avenue between 11th and 17th Streets Reconstruction and Road Diet Project could now be funded with restricted funds, and money could be spent by early 2025. She said the second firetruck could also be purchased using restricted funds. She also proposed using the earned interest from ARPA funds to provide a 10-year interfund loan to Sunset Marina, although there was potential funding through Senator Tammy Duckworth's office. City Manager Thompson added that Council previously approved the interfund loan, and the funds would just come from a different source. Mayor Thoms commented that the money through Senator Duckworth's office was still in the federal budget, and the budget might not be approved until December. Ms. Gange also recommended adding the Downtown Rock Island Streetscape and Repair Project to restricted funds as the project can be completed quickly, and funds can be spent in early 2025.

Ms. Gange said if Council approves the recommendations, there would be an estimated $540,000 left in restricted funds and $360,000 left in unrestricted funds. She said various sources recommended reporting employee benefits for restricted funds, and the unrestricted funds could be funneled into other capital projects and fleet replacement. IAAs for any ARPA projects going into 2025 would be brought in front of Council within the next two Council meetings for approval.

Alderperson Parker asked about the possibility of funding PEP and GRIT next year with any leftover funds. Mr. Thompson clarified that they could use the amount reported as employee benefits as the money would be free to use as long as it was accounted for if Council moved forward with that strategy. Alderperson Parker also asked if they could explore partially funding the dog park that was originally discussed as part of the Downtown Revitalization Project. Ms. Gange replied that, given the fast approaching deadline, she wouldn't recommend using restricted funds unless something was put together already. She confirmed it would be better to report restricted funds as employee benefits and use the money reported to fund other potential projects. Other Council members agreed to explore the proposed dog park further but opposed the use of artificial turf. Public Works Director Mike Bartels said he would look into the cost of the project without the turf. Ms. Gange said she could compose an ARPA report for the community detailing the funded projects.

5. Adjourn

a.	Motion:	Motion to Adjourn.
	VV	Voice vote is needed.

MOTION:

Alderperson Poulos moved to adjourn; Alderperson Parker seconded.

VOTE:

Motion PASSED on a 7-0-0 voice vote. Aye: Maynard, Swanson, Parker, Poulos, Healy, Robinson, Hurt. Nay: None. Absent: None.

The study session concluded at 6:31 p.m.