

East Moline State of the City Address A Case Study in Resilience

(Mayor Freeman) Thank you for being here today to hear an update on the state of our City of East Moline. Today, I'm going to talk to you about some of the new businesses and development in the City. Our Finance Director, Annaka Whiting, will be sharing some information about the City's financial status. Finally, City Administrator Doug Maxeiner will speak about the challenges the City has faced over the past two years and the overall condition of the organization.

Before I get into my comments, I would like to recognize a few individuals with us today. ***(Recognize dignitaries - state officials (if any) in attendance, local elected officials, other Mayors in attendance).***

(Slide - Resilience). If you'll notice, I have a definition of resilience on the screen. I found that word fitting as we laid out our framework for what we wanted to share today. Resilience not only describes the City of East Moline as an organization over the past two years, it also describes this community and how we have weathered change over the past several decades.

I last provided a state of the City address on February 13, 2020 and I focused on \$60 million in capital investment in the community and job growth and retention resulting from these efforts. In early 2020, our stars were aligning, our future was bright and our arrow was pointing up!

Approximately one month after that presentation, the world as we knew it changed and City Administrator Maxeiner will be touching on how those changes affected City operations in a few moments. However, while development activity slowed it did not stop and I would like to share a few things we have going on.

(Slide – Quarter) After many different stops and starts, residential development at the Quarter is once again moving forward nearly two decades after it was first proposed. B & L Development, consisting of Brad Bagby and Larry Anderson, is in the process of constructing 38 duplex units in two phases at the Quarter. **(Slide – Quarter Elevations)** Some of these units will back up directly to the Mississippi River and bike path and most units will have a view of the river. If you drive down there today, you'll see the water, sewer and storm water infrastructure are installed for Phase 1 and the streets are being paved. **(Slide – Quarter Ph 2)** Infrastructure for Phase 2 will be starting in the near future and the

actual dwellings will start to take shape over the next few weeks. At the current time, I believe the builder has commitments for six units with several more potentially in the works. I appreciate the efforts of Tim Knanishu at REDEEM in his persistent efforts to make this development a reality.

(Slide – XPO) The Bend XPO, located at 920 Mississippi Parkway, opened in 2021 and hosted the American Cornhole League tournament as their opening event in April 2021. The XPO is the East Moline home for Mecum Auctions hosting their antique tractor and truck auctions. **(Slide – XPO Interior)** The November 2021 auction resulted in sales of over \$8.3 million. The XPO hosted another auction this past spring as well as the Quad City Regional Auto Show in early March. This facility will be a powerful economic engine and focal point for the City and region in attracting visitors.

We recently received plans for another hotel in the Bend complementing the Bend XPO. The hotel, smaller than the Hyatt, is planned for the south side of the XPO.

(Slide – Bend Apts) When we last got together for my 2020 State of the City address, the apartments at the Bend were under construction. These units are now open adding a residential component to the Bend.

(Slide – Channel Cat) Just a few weeks ago, it was announced that MetroLink will construct a new Channel Cat stop at the Bend adding East Moline as the fifth stop on their route joining existing stops in Bettendorf, Davenport and Moline. A \$1.85 million federal grant secured by Senators Durbin and Duckworth and Representative Bustos adds to the area's regional connectivity. Plans for the Bend in the coming months also include the construction of more retail and restaurant space. Stay tuned for more details on those exciting prospects.

As we move up to 12th Avenue, we've also seen considerable activity on the site of the former McLaughlin Body property. Mutual Wheel purchased the building on the west edge of the property and is utilizing the structure for merchandise storage for his business. At some point, Mutual Wheel may offer a retail component from this location.

(Slide – Pregracke) A little further east on the former McLaughlin property, Chad Pregracke purchased the remaining structures and has been renovating and improving the property. The main building in the

middle will host a plastics recycling facility that will mold recycled plastic into new products. The process is environmentally safe and produces no harmful emissions or waste. (*Slide – Pregracke 2*) The smaller building near the front of the property is leased space currently occupied by an artisan metal fabricator.

While on the topic of Chad Pregracke, he along with Larry Anderson, MetroLink and REDEEM have been instrumental in assisting the City in pursuing a safe pedestrian connection between the Bend, Rust Belt and downtown. MetroLink is working to secure a \$500,000 federal grant to construct a lighted pedestrian path from 3rd Street, behind Mutual Wheel, through Pregracke’s property, along the front of the Rust Belt, and connecting 7th Street and downtown East Moline. REDEEM assisted with funding for the planning aspects of the project while Larry Anderson and Chad Pregracke are contributing right-of-way. (*Slide – Press*) Chad has already installed a large industrial press along the proposed path as a historical artifact tying the history of the property to the present. The press had been utilized in the production facility over the years. We’re hoping that construction will be complete yet this year.

That pedestrian and bike connection on 7th Street will bring visitors to 15th Avenue. If you’ve been to this area recently, you likely noticed some

new businesses. **(Slide – Palace)** The Palace, located at 701 15th Avenue, underwent a significant renovation and reopened last Thanksgiving. The Palace is owned by Larry Anderson and serves lunch and dinner along with a full bar seven days a week. Once weather allows, you'll also see outdoor dining and entertainment at the Palace in a courtyard on the east side of the building. **(Slide – Mural)** Pay attention to the wall of the building on the east side of the courtyard for a mural being painted. This is going to be a terrific outdoor space and a draw in our downtown area for years to come.

(Slide – Whiskey Stop) The Whiskey Stop, opened in 2021 by John and Mary Beth Stopolous, hosts group functions and catered events and is located just west of Runner's Park. They also have a popular outdoor patio providing outdoor music on occasion. **(Slide – Stop's Showroom)** Across the courtyard, we're anxious to see their next venture – Stop's Showroom - start to take shape. The former car dealer showroom will consist of a restaurant and bar with an open-air concept facilitated by roll up overhead doors with outdoor dining right across the parking lot from Runner's Park.

(Slide – Bakery) Further east, Olde Town Bakery located at 907 15th Avenue is another welcome addition to 15th Avenue. This well-known

regional bakery is owned by the VanHoe's and opened this past February offering donuts, cookies and baked goods. Damien's Rib Haven moved next door to 905 15th Avenue and continues to provide delicious barbeque for their patrons.

(Slide – Plan Cover) Our City Engineer Tim Kammler spearheaded an effort to prepare a Greater Downtown Streetscape Master Plan to provide a framework to guide and inform future design and planning decisions in the area in our efforts to create a new sense of place in downtown East Moline. In addition, the plan is intended to be a resource helping the City pursue grant funding for critical infrastructure investments spelling out desired connectivity improvements for vehicles, pedestrians and cyclists traversing between the Bend, Rust Belt, Quarter and Downtown. We presently have a grant application submitted for \$25 million for a federal RAISE Grant and are working with Representative Bustos's office for other federal money. We've also travelled to Springfield to work with Governor Pritzker to secure funding.

(Slide – Pritzker) The plan also uses signage and streetscapes to create amenity zones such as outdoor dining and socializing areas, festival areas to facilitate community events, and enhanced greenspace and soft landscaping details to improve aesthetics.

While we're working with our federal and state officials to direct resources toward the fulfillment of the Master Plan, we're also working with our local partners to implement some of its low hanging fruit. **(Slide – Shade Structure)** One example of this is the shade structure and seating installed in the parking lot adjacent to Runner's Park. The Special Service Area Commission, led by President Adam Guthrie, committed SSA funds to the project to supplement funding from REDEEM, East Moline Main Street, and others and the first phase of the project was completed last year with an additional phase planned for the current year. You'll also see some benches and seating installed between the light standards to better utilize the parking area during festivals and concerts.

(Slide – TBK Bank) TBK Bank and East Moline Public Library are also new additions to our downtown. The bank opened last year with a modern, smaller footprint compared with the old facility which was generously donated by TBK to the East Moline Public Library. **(Slide – Library)** After more than \$7 million in renovations, the Library should be ready for patrons any day now. Both facilities are welcome additions to our downtown.

Moving up to the Avenue of the Cities, **(Slide – Kunes)** I'd like to welcome Kunes Ford to East Moline. Kunes purchased the Reynold's Ford

dealership in 2020 and plans to invest up to \$3.0 million to refresh the facility meeting Ford's current dealership standards. Kunes has already been a good community partner assisting the City with fireworks and 4th of July celebration.

(Slide – Taco John's) Taco John's, located at 653 Avenue of the Cities, opened at the peak of COVID and is a welcome addition to the Avenue of the Cities business community. Hope Creek is now on our tax rolls after the County sold the property to a private company in a highly publicized event in 2020.

(Slide – Carpenters 1) Along Illinois 5 at 4th Avenue, you'll see a steel structure rising out of the ground that will house the Chicago Area Council of Carpenters administrative offices and training facility. The City, along with our partners at Rock Island County, United Township High School, Silvis Elementary District #34, and Black Hawk College, structured an incentive package to retain the facility in East Moline.

(Slide – Carpenters 2) In addition to the union facility, there will be several additional outlots available for future development. This development was also made possible by a million-dollar commitment from Republic Services to extend the City's sewer main to the city owned landfill running by the Carpenter's Council site.

(Slide – Pickleball) With regard to infrastructure and facilities, we converted a tennis court to two pickleball courts at Mitchell Park on 30th Avenue which opened in October 2021. These courts have been extremely popular and see a great deal of use.

(Slide – Grand Illinois Trail) After years of planning and searching for funding, the Grand Illinois Trail Bicycle Path Connector Project saw construction start in 2021. The trail, ultimately connecting the Great River Trail in East Moline to the Hennepin Canal and Grand Illinois Trail in Colona, is estimated to cost \$6.2 million and utilizes federal funding with a local match. This phase will consist of construction through East Moline and a portion of Silvis terminating at Crosstown Avenue and 10th Street in Silvis. Archer Drive and 21st Avenue is seeing the brunt of construction activity in East Moline. This trail connector will direct bicycle tourists through downtown and into the Bend, Rust Belt and Quarter.

MetroNet approached the City in 2020 to request permission to install a subscriber based fiber-optic network throughout the majority of the City. Installation was delayed but the company is now offering service to customers in some parts of the community with more to come.

As you can see, despite COVID-19, we've got a lot going on in East Moline. We are still on an upward trajectory and I'm proud of the things we've been able to accomplish in a few short years. Our Finance Director, Annaka Whiting, is going to give you a snapshot of the City's finances confirming we're on the right path and continuing our theme of resilience.

(Annaka) (*Slide – Financial Update*)

Thank you, Mayor. In addressing the City's budget and financial updates, I will be providing more than just numbers, and financial data, I'll be highlighting the understanding or the sense of where we have been, where we are now, and where it is that we are going.

(Slide – 2019/20 Comparison) As we look back at the last few years, we reflect on 2020 as the year of new challenges. Challenges that left us wondering how to navigate these unprecedented times, and where we would end up financially.

It was, and still is a time of uncertainty, but it has also been a time of adjusting to our new norm and making changes for the growth of this City and our Community.

(Slide – sales, etc) The City’s budget for 2020 had an anticipated deficit of \$1.9M in our General Fund, and in early April 2020, we anticipated an additional \$1.5M in revenue loss as a direct result of COVID-19. We expected to see a decrease in our major revenue sources at the State level, but ended up with an increase in sales, replacement, and income taxes with only slight decreases in non home rule and utility taxes compared to that of 2019.

(Slide – gaming, etc) At a local level however, and as we expected, our entertainment and tourism taxes decreased from the previous year as shown here, a hit that not only impacted the city, but our community and businesses as a whole.

But despite these decreases, and with our Local CURES allocation, as well as the commitment from our department heads to watch expenditures and monitor discretionary spending, we ended 2020 with a slight surplus of approximately \$143,000 in the general fund.

(Slide – Comparison 20/21) As we began to look ahead into the next year, we started budgeting for 2021 in late October 2020 when again, we

were facing unknown challenges from COVID in the months to come. We encountered executive orders that limited indoor dining, eliminated video gaming, and continued school and business closures, having to account for a full year of additional financial burdens due to COVID-19, again, we budgeted cautiously.

(Slide – Sales tax, etc) In April 2021, we began receiving our first local tax distribution from the state for the leveling the playing field act for online sales, our 2021 sales tax increased 19.3% or almost \$550,000 from the previous year, with approximately 7% attributable to the new sales tax. The City also saw an increase in our Non-Home Rule sales tax of 27.9% or \$133,000. And In October 2021, we saw a significant increase to replacement tax and income tax due to corporate tax receipts, our replacement tax increased 109.9% from the previous year, which was a little more than \$1.2M, and income tax increased 21.6% over the previous year. This increase is expected through the first quarter of 2023.

(Slide – gaming, etc) Additional areas to highlight as we wind down 2021 include, a strong recovery in Hotel/Motel, amusement, food and liquor licenses, and video gaming revenues from the previous year, an indication that mandates and restrictions in place for COVID-19 were

slowly, but gradually coming to an end, prompting more activity in the community and businesses returning to their new norm. In October the City also issued of a Pension Obligation Bond to fully fund our unfunded liabilities for police and fire pensions, as a means to level out our property tax rate and reduce the accelerated rate of payments through 2040 that the city would have otherwise seen.

(Slide – PT History) Issuing Pension Obligation Bonds complements the City’s strategy over the last four years, to capitalize on the City’s growth in our equalized assessed value (EAV) but keep the tax rate stable or declining slightly to remain competitive in the region.

(Slide – Rates) This graph depicts the City’s tax rate starting in 2018 shown by the blue line to increase in the first year and steadily decrease back to 2018 levels for collection year 2022. The grey columns provide an illustration of our growing property value assessments and how they compare relative to our property tax rates.

(Slide – Comparison 21/22) Looking forward to 2022, we started the budget process in October 2021 and through the experiences over the last two years, we were able to provide a balanced general fund budget

for fiscal year 2022. (**Slide – Sales, etc**) Four months into 2022, trends indicate our previous estimates of increased sales, replacement, and income taxes still hold true and are steadily increasing. Again this is due to the increase in corporate taxes, the leveling the playing field act, and growth in our sales tax base. (**Slide – gaming, etc**) With events returning to the Rust Belt and with our new venue the XPO, we also anticipate seeing moderate increases to our entertainment and tourism related taxes, as well as video gaming, food and liquor licenses.

(**Slide - Future**) Progress takes time. It takes work, thinking outside of our comfort zones, and planning ahead. The decisions we make today have a direct impact on the future of the City. Staff continue to seek opportunities and develop plans that encourage long-term financial investment and sustainability including:

- Establishing a reserves policy to mitigate current and future risks
- Being proactive instead of reactive to revenue shortfalls and unanticipated expenditures or economic events.
- Earning the GFOA Distinguished Budget Award which requires an update to our current budget process and budget document to build and execute a well-designed budget that can act as a policy document, financial plan, operations guide, and communications device.

- Update policies and procedures that promote accountability, transparency, and good governance.
- Increase collaborations and partnerships through grant opportunities, our local housing authority, and neighboring cities to combine resources and work together to achieve common goals.
- Fleet & Asset management plan to provide financial preparation for vehicle and equipment replacement allowing for better budgeting practices, reducing unexpected costs, and establishing a policy that aligns with a structured replacement strategy.

These are just a few of the ways that we continue to make East Moline a viable, sustainable, and desirable place to work, live, and visit, now and in years to come.

(Doug)

Thanks Annaka. I have to tell you we are extremely fortunate to have Annaka on staff with the City. We've been able to turn some things around in a relatively short time frame and she, along with the Mayor and City Council, gets much of the credit for those efforts.

It can be tough to present budget information to a large group like this where people may get caught up in the minutiae. However, when

viewing this info from the 10,000 foot level, I hope you walk away with the impression that our main revenue sources are strong, our tourism and event based revenues are recovering well, and we're reducing our reliance on property taxes where possible. From a financial perspective, things are trending upward for the City of East Moline.

As the Mayor mentioned earlier, when we last gathered for his State of the City, we were gathering up a head of steam. Not even a month later, things changed.....dramatically. On March 9th Governor Pritzker issued a disaster declaration and on March 16th a ban on indoor gatherings, including dining in restaurants and consumption in bars, went into effect. The pause button was pressed on our community redevelopment efforts while we pivoted to protecting public health and our employees while also working with businesses to assist them in their fight for survival.

New regulations and restrictions were flowing out of Springfield and Washington while we learned the consequences of new terms like social distancing, essential work and essential workers, eviction moratoriums, and contact tracing. I had one co-worker reference this period as "drinking from a fire hose". The state of Illinois required our public health and police officials to now enforce bans on indoor dining and consumption in our local businesses which was not exactly a great

position to be in for a business-friendly community. Schools closed and went to remote learning. As you heard from Annaka, the City was forced to plan for dwindling revenues of 20% or more for an unknown duration while service rose exponentially.

We had to get to work with our employee groups to develop reasonable policies on workplace protections and remote work policies. We undertook this task with the understanding that municipal governments exist to provide critical services to our residents and these services include law enforcement, fire suppression, rescue and emergency medical services, providing safe drinking water and treating wastewater effectively, along with maintaining safe and reliable transportation systems for our residents and visitors. In many instances, failing to provide these services pose risks to the community at least as great as the threat from the global pandemic. On occasion, we had to remind employees of this role in providing critical services to the community. However, our employees stepped up and met the challenge. Our first responders had to take protective measures when dealing with the public and their co-workers. Contingency plans were developed to provide services when our essential workers were ill or couldn't find day care with schools and most daycare facilities closed. Every department

was affected and many employees contracted Covid, some with significant long term health impacts.

But this is where resiliency comes into play. Our employees adapted and kept our focus on service delivery. Annaka led us through the financial aspects of Covid. Our Human Resources Director, John Showalter, took the brunt of policy development and explaining these policies to employees balancing new regulations with personal choice in some instances. Health Inspector Lindsay Gorishek shifted gears and changed her focus from restaurant inspections to Covid regulation guidance. Police Chief Ramsey and Fire Chief DeFrance, along with their leadership teams, took each new challenge in stride and continued to provide exemplary service. Director of Maintenance Services Todd Stickler, Director of Water Utility Brianna Huber, and Director of Wastewater Plant frequently had to work with skeleton crews. If Covid wasn't bad enough, 2020 also brought us the social unrest related to George Floyd's death in Minneapolis and in August a derecho rolled through town knocking over thousands of trees and large branches creating power outages that lasted days. Only 2020 could bring a hurricane to the Quad Cities. Resiliency.

Our local businesses, especially restaurants and bars, were forced to be resilient as well. The City partnered with REDEEM, Moline and Rock Island to utilize an app called Forward. The app was designed to help businesses identify potential state and federal Covid recovery resources such as grants and loans for businesses of various size and complexity to help stay afloat. Several businesses tapped into these resources to bridge the gap financial gap created by Covid and many said they would not have remained viable without this assistance.

Due to the stay-at-home order, many businesses were experiencing cash flow issues. To assist restaurants and bars, the City initially delayed the food preparation, liquor and gaming license renewals. With the indoor dining prohibition lasting longer than anticipated, the City shifted gears and decided to utilize economic development funds to pay for licenses for restaurants, bars and gaming facilities to help ensure their survival. Resiliency.

Covid did have some positive impacts such as the passage of the American Rescue Plan Act, also known as ARPA, making \$350 billion in federal funds available for local governments. We continue to field questions about what transformative projects the City will undertake with our ARPA funds. East Moline is considered a non-entitlement unit

of local government under ARPA. While that may not mean anything to most of you, the impact on us was significant. Whereas Moline and Rock Island are slated to receive \$20 and \$27 million respectively under ARPA, East Moline's allocation is \$2.8 million. While that ratio is a head scratcher and yes we are a little envious, we are appreciative of our allocation and will take what we can get. It is just a little difficult to implement transformational projects with \$2.8 million. Consequently, we took the approach to carefully invest these funds in a multitude of projects having ongoing community benefits.

An example of this investment (*Slide – bike path*) is the resurfacing of the Great River Trail and completion of storm sewer improvement to enable the Grand Illinois Trail connection to the Great River Trail. Bike and pedestrian infrastructure not only enhances tourism and recreational opportunities for the community but also helps the transportation needs of lower income segments of the population throughout the year. I think you would be surprised at how many people use the Great River Trail as their primary transportation route year-round. Overall, these two projects will use \$675,000 or approximately 24% of our ARPA allotment.

(Slide – ARPA projects) Other ARPA funded projects include stormwater projects, updated security systems protecting critical infrastructure such as the public water supply, and installing an updated audio-visual system in our Council Chambers to encourage better remote participation and access in public meetings. Water utility production and distribution improvements will utilize approximately \$150,000 to update aging equipment increasing the reliability of our water system. The remainder of the City's ARPA allotment will fall under the revenue loss category of eligible expenses. In case you're wondering, no we can't use these funds for street repair though we would have loved to be able to do that. However, simply put, ARPA funds have allowed us to keep services intact for periods that saw significant impacts on revenue due to Covid that would have otherwise necessitated service level reductions.

I have one final example of community resiliency to share with you. In the spring of 2020, United Township High School Superintendent Jay Morrow contacted the City about preparations for fall classes anticipating (correctly I might add) that students would not be able to return to the classroom in the fall of 2021. In short, they envisioned a Community Education WIFI Project to help shrink the digital divide for school aged children. The project, a joint effort by United Township High School, East Moline Elementary School District, Silvis School District and

the City of East Moline among others, brings free high speed internet access to areas of the community with higher at-risk populations. Schools are providing the technology to access the internet while the City worked with our other municipal partners to access unused capacity on our public safety fiber optic ring. Broadband equipment was installed on select City facilities such as pump stations to help reach into targeted areas. I commend Dr. Morrow and his colleagues for their foresight and vision with this project which is on point for our discussion of resiliency today.

Before I turn this back over to the Mayor, I wanted to take a moment to ask for your assistance. **(Slide – Recruitment)** We need help finding candidates for some challenging but rewarding jobs with the City. We're having difficulty finding candidates for patrol officers and firefighter/paramedics and our applicant numbers are down for street, water and wastewater jobs as well. If you know of responsible, team-oriented individuals that might be a good fit for the City, please send them our way. John Showalter has flyers for the public safety jobs if you're interested. Thank you and I'll turn this back to the Mayor for his closing remarks.

Mayor. Before we close today, I want to take a moment to recognize Theresa Martin and Amy Brandstetter for their assistance not only today but every day. Thank you.

Today, we've given you a quick peek into our world at the City of East Moline. While Covid was challenging, I think we adapted and are well positioned to be a successful, resilient community in the future. Thank you for your support and attendance here today.