



CITY OF WASHINGTON COUNCIL REPORT

September 15, 2023

CITY ADMINISTRATION – Jim Snider

- **S&P Global credit rating for the City of Washington – AA/Stable**

In conjunction with the City Council approving the issuance of \$5 million in general obligation bonds (*alternate revenue supported*) for a 15-year term, Finance Director Joanie Baxter and I have held several meetings over the past few weeks working with representatives of Mesirow and Standard & Poor's (S&P) in their review of City finances and operations in order to determine a credit rating for our upcoming \$5M bond issuance.

The attached S&P Global rating report has assigned the City of Washington its AA/Stable rating. This is excellent news!

Our most recent credit rating of "A2" was assigned by Moody's in 2006. The AA/Stable (*high grade*) rating is three steps above the A2 (*upper medium grade*) rating from Moody's as seen in the attached rating schedule.

I've highlighted in yellow the key points of this successful rating report. The immediate benefit of this excellent rating is we anticipate the resulting interest rate could be as much as one-half of one percent lower. This will save the City thousands of dollars in interest costs over the duration of the 15-year bond.

This rating reflects the Council's conservative budgetary decisions over the past 17 years, as well as the professional oversight of previous city administrators and of course our long-term Finance Director, Joanie Baxter.

- **Suggested language change to the proposed ordinance amending Chapter 103 entitled "Standards for the Operation of Ambulances."**

Enclosed you'll find the requested language modification to Section 103.05 Ambulance Licensing and Other Requirements to the proposed ordinance amending Chapter 103 of the City Code provided to me by Fire Department Chief Kuhlman. The ordinance is on Monday's agenda for a Second Reading.

This information will also be included in the Council Report for September 15, 2023, later today.

BUILDING & ZONING –

Out of Office

ENGINEERING – Dennis Carr/Ross Fuller

- Stark is currently working to complete final road grading for the Hilldale project. Next week they plan to slip curb. Upon completion of the curb installation, the concrete crew intends to remain on-site and will begin work on driveway approaches. The contractor has also begun removing trees and will start reshaping the channel between Hilldale and North Stree as part of this project.
- Stark has completed all of the underground work for the Freedom Pkwy extension except for some minor storm sewer pipe work related to the bioswales. On Thursday UCM slipped the curb at the Cummings/Freedom Pkwy intersection. Next week they plan to begin working to get the section of Cummings that has been removed poured back.
- Lonewolf has poured new sidewalk, curb and an approach at the properties of 505 and 601 Devonshire. There were a number of hazards identified here that needed to be addressed. We have a handful of residential sidewalk and curb

replacement requests that will be completed in the coming weeks

- UCM has completed all of the chip sealing for this year's MFT project. They are currently sweeping the excess chips. The fog coat will be applied beginning Tuesday September 19, weather and scheduling permitted.
- A preconstruction meeting for the Noffsinger realignment has been set for Monday September 18.
- TWM has completed the survey work for the Catherine Street design. They are working on the design. They will be using a similar typical section and geometry as was done with W. Holland for the first block. Existing Catherine is 24' wide while W. Holland is 28' wide. Proposed Catherine will be 4' wider than existing Catherine. We have also asked them to see if there are ways to avoid some of the larger trees that have heaved the sidewalk. Since they have already heaved the sidewalk, excavating around them will likely cause damage to the trees. But with this being complete reconstruction, we need to bring the project up to ADA compliance. This might mean a few larger trees will need to be removed to make sure we can provide a safe sidewalk for pedestrians.
- As part of the North/Grant Safe Routes project, the City was required to send out public informational letters to the residents along the corridors. The Grant Street residents were asked on what side the sidewalk should go on. The results were not overwhelming at all, but more than half of the respondents felt that the sidewalk should go on the same side as Grant Park. Terra is moving forward with the design of the sidewalk on the Grant Park (Southeast) side of Grant Street.
- Farnsworth Group was contacted on Monday and had a Structural Engineer that lives in Washington that was able to assess the Jefferson Street building that was damaged on Sunday. They have provided the city with an assessment and a general plan forward for the repair.
- The contractor had some material delays but looks to begin the generator pad work next week. CMT is providing a structural engineer to do a quick inspection of their form and reinforcement before they move forward with concrete.
- Walker Excavating is anticipating the Loop Watermain project to be started in early October.

FINANCE – Joanie Baxter

- Prepping for and participating in multiple meetings, interviews and calls in conjunction with the stormwater bond issue and S & P rating process.
- Preparation of the Police Pension Fund Annual Report and submittal to Foster & Foster for the actuarial study. The results of the study are needed in order to determine the proper funding for the tax levy.
- I have been working with IT360 the past several weeks in regard to the new server in City Hall, determining proper licensing for Microsoft 365, planning email migrations, and notifying users.
- Continuing to implement digital faxing with Konica Minolta which will provide a more secure faxing method while allowing the elimination of a POTS telephone line.
- Started grant application process for DCEO for the Evidence Building equipment (\$125,000 through Congressman Lahood's office).
- Jim and I are discussing enhanced security measures with IT360 in relation to a Managed Detection and Response program.
- Jill processed and I reviewed payroll for September 15, 2023
- Utility Billing (September 2 – September 15, 2023)
 - A total of 5,479 bills were processed for September billing, with 505 bills being emailed
 - A total of 491 penalties were assessed for August bills that had an outstanding balance
 - A total of 74 disconnects were processed for August with 32 having a credit balance, 32 owing a balance and 10 with a zero balance
 - A total of four accounts were sent to Collections for August disconnects
 - New accounts and account closings processed:
 - 26 ins
 - 23 outs
 - Leak detection through RNI and Sensus Analytics software – 37 leaks were caught and residents/businesses notified
 - There were 28 new residents in August

HUMAN RESOURCES – Maureen Chambers

- SAVE THE DATE: City of Washington Holiday Luncheon. December 14. Tres Rojas. 11AM-1PM.
- Attended an HR Employment Law Update hosted by AAIM Employers' Association on September 13.
- Finalized and communicated health screen schedule for Health and Wellness Fair on October 5.

- Hosted Wellness Group Meeting to finalize end of year wellness events. Preparing a 2024 Washington Wellness Program that incorporates an event each month. Includes events that encompass the five dimensions of well-being: Social Connectedness, Job Satisfaction, Financial Security, Emotional Health, Physical Health. Trying to create a system so each year we are not recreating the wheel.
- Prepared for Joe Boyer's first day on Monday, September 18. Will take about 1.5 days to get everything set-up on the HR/Payroll side.
- IPBC is switching enrollment platforms to PlanSource. PlanSource is the software company that manages our health insurance, basic life and ad&d and our EAP program enrollment. The last few bits of testing are taking place. It was communicated by IPBC that this transition for many, many municipalities has been difficult. I concur.
- Beginning to review program/videos for anti-harassment training in November.
- Process handful of retirement/personnel/benefit items

PLANNING & DEVELOPMENT – Jon Oliphant

- Initial work has begun on completing a sub-application for a FEMA Building Resilient Infrastructure and Communities (BRIC) program for a project around Harvey, Walnut, Pine, and Adams. It must be submitted to IEMA by October 1 with more details about the project. If selected, BRIC pays up to 75% of the eligible activity costs with the remaining 25% to be allocated from non-federal sources. This storm sewer project has an estimated cost of \$1.25M.
- Initial work has begun on the two Safe Routes to School applications in Districts 50 and 51. Please note that as staff has been able to review the projects in closer detail over the last couple of weeks, we would strongly recommend to **NOT** include the construction of a sidewalk on Grandyle as part of the District 51 application. Instead, we would recommend that it only include construction of a sidewalk on Elgin between Bobolink and Grandyle. Sidewalk construction on Grandyle could be done in coordination with storm sewer upgrades that are tentatively planned for 2024 pending approval of the bonding to serve as a funding mechanism. That would allow for the sidewalk construction to be expedited, as would be the case with a sidewalk on Eagle between Central Schools and BR 24. SRTS would allow for construction no earlier than 2025 even if a project was awarded. It can be done cheaper, as the engineering would not be done to federal standards. Finally, it would be best to coordinate the storm sewer and sidewalk construction into one construction season to ensure that the yards are only disrupted once.
- The 508 Walnut house that sustained heavy damage as a result of a fire late last year has been demolished.
- The September 6 PZC meeting included two cases: 1) A 3' side yard and a 4' rear yard variance request for Natalie Bielema at 210 Monroe. This would allow for the replacement of a garage within the same footprint that was heavily damaged after a tree fell on it during a weather event earlier this year. The PZC unanimously approved the variance; and 2) A variance request to allow a ground-mount solar array at 206 Legion Road. The property is five acres in size and the proposed array would be located about 30' from the south side property line. As was the case with a similar variance request at 1505 Pine Tree in August, this was tabled by the PZC to allow for some time to consider a future zoning code text amendment to allow for residential ground mounts. A public hearing on a proposed ground-mount text amendment is planned for the November PZC meeting.
- I was part of a conference call with the owner of the property west of Cherry Tree on BR 24 about continued discussions about future development there. Lakeshore Drive must at least be stubbed further north and sanitary sewer must be extended to accommodate development there.
- I attended two days of the Illinois American Planning Association conference.
- Joe Boyer begins as the Building and Zoning Coordinator on Monday. We are looking forward to him assuming that role!

PUBLIC SAFETY – Chief McCoy/Deputy Chief Stevens

- SAFE-T-ACT, as enacted by the State of Illinois, goes into effect on September 18, 2023. This law has long range implications for Illinois Law Enforcement. It dictates who can be arrested for certain offenses and what offenses constitute a trip to jail. The Tazewell County States Attorney has distributed guidelines...which we will follow.
- Officers are continuing to write traffic citations for "Distracted Driving". (Texting or talking on a phone while operating a motor vehicle.)
- Washington Officers participated in two (2) CIERT operations during the previous week. (Both instances resulted in arrests and confiscation of drugs and other prohibited articles)
- Officer Taylor has started DARE instruction at Christ Lutheran and Central Intermediate grade schools this semester. Scheduled next semester is Washington Middle School and St. Pats.
- Structural Engineers advising on what action to take on the damage to the Evidence / City Works Building.
- Last Saturday Washington Officers assisted at the Washington Marching Band Invitational at Washington High School. (Lots of people)

PUBLIC WORKS – Brian Rittenhouse

- Public works completed the support wall and tarped the storage/evidence building per the structural engineer's recommendations. Staff will start looking into repair cost.
- The fall annual hydrant flushing has started. Crews will be out flushing hydrants around town for about three weeks.
- The water department drained, cleaned and inspected the reaction basin at WTP #1. Everything looked to be in great shape.
- The wastewater treatment plant generator install project has started. As soon as the generator pad is ready, we will schedule the delivery of the generator.
- The City took ownership of the first of three plow trucks that we have on order. The second one should be ready sometime this coming spring and the third will most likely be ready sometime this summer.
- CIPP lining of sewer mains will begin in the near future. This includes sewers between BR 24 to East Adams from North High to Harvey, sewers on Madison and Lincoln Street, and a segment on Catherine Street east of Spruce Street.

RatingsDirect®

Summary:

Washington, Illinois; General Obligation

Primary Credit Analyst:

Joseph Vodziak, Chicago + 1 312 233 7094; joseph.vodziak@spglobal.com

Secondary Contact:

Andrew Bredeson, Englewood + 1 (303) 721 4825; andrew.bredeson@spglobal.com

Table Of Contents

Credit Highlights

Outlook

Related Research

Summary:

Washington, Illinois; General Obligation

Credit Profile

US\$4.705 mil GO bnds ser 2023 due 05/15/2038

Long Term Rating

AA/Stable

New

Credit Highlights

- S&P Global Ratings assigned its 'AA' rating to Washington, Ill.'s approximately \$4.7 million series 2023 general obligation (GO) bonds.
- The outlook is stable.

Security

The GO bonds are secured by the city's full-faith-and-credit unlimited-tax GO pledge. The bond proceeds will fund stormwater improvements.

Credit overview

Washington benefits from robust capital planning and careful budgetary management, its status as a home-rule city, and its proximity to Peoria, Ill. The city has historically funded capital needs with available revenue and accumulated funds. These practices have resulted in low fixed costs for the city. Recently a home-rule sales tax was enacted, which the city is leveraging to address stormwater needs. As a result of this, we expect debt service costs will remain manageable with another similar sized debt issuance in the near term. Another factor driving our expectations that fixed costs will remain manageable is the city's pension funding practices. While the police pension plan is poorly funded, we do not anticipate there to be significant increases in fixed costs as the city is funding above actuarial recommendations and those recommendations include funding to 100% and use more stringent assumptions than the statutory requirements.

Recent operating results have outperformed budgets primarily due to the flexibility of capital projects being included in the operating budget. Officials expect to report another very strong surplus in the April 30, 2023 audit, but fiscal 2024 is expected to finish with a draw on reserves as the city is undertaking a large parkway improvement project. Despite the planned spending, we expect the city's financial profile to remain very strong given the planning and careful budgetary management practices that the city utilizes.

Credit fundamentals supporting the 'AA' rating include the following factors:

- A bedroom community situated near Peoria with access to other large regional employment bases, including East Peoria, Pekin, and Bloomington-Normal;
- Structurally balanced financial operations with an equal reliance on state shared and local revenue sources. The general fund budget routinely includes capital projects that have flexible timing and the city does not commit to all of these until resources are available. We expect that such capital spending will lead to occasional large operating

deficits, but the city has built a strong reserve position to help mitigate this from being a pressure on the overall rating;

- Good financial management policies and practices and a strong institutional framework score stemming from strong budgetary assumptions and monitoring, a robust long-term capital plan, formalized reserve and investment policies, and numerous cyber-security prevention measures and practices; and
- Manageable debt and pension liability burden, even with potential plans to issue another similar sized bond in the near term. We believe the city is addressing its unfunded liability more proactively than most issues in the state as minimum funding progress on the poorly funded police pension plan was 91% in 2021 and we expect this to approach 100% in the near term. For more information on our views on such pension plans see "Pension Spotlight: Illinois" published June, 26 2023 on RatingsDirect.

Environmental, social, and governance

Although Washington experienced significant past damage from a tornado, the economic and financial impacts were mitigated by rebuilding efforts and state aid. We do not view this to be a recurring physical environmental risk. We view Washington's environmental, social, and governance risks as credit neutral within our credit analysis.

Outlook

The two-year stable outlook reflects our expectation that Washington's financial profile will remain very strong after planned capital spending, its fixed costs will remain manageable, and its financial management practices and policies will remain strong; all of which, will continue to offset the below-average economic metrics for the rating.

Downside scenario

If the city's operating performance experiences a sustained deterioration or its reserves decrease significantly without a plan to replenish, we could lower the rating.

Upside scenario

We could consider positive rating actions if the city's economic metrics improves to levels closer to those of higher rated peers.

Washington, Illinois--key credit metrics				
	Most recent	Historical information		
		2022	2021	2020
Weak economy				
Projected per capita EBI % of U.S.	108			
Market value per capita (\$)	68,172			
Population		16,316	15,954	15,938
County unemployment rate(%)		4.1		
Market value (\$000)	1,112,298	1,074,726	1,065,456	1,058,478
Ten largest taxpayers % of taxable value	5.3			
Strong budgetary performance				
Operating fund result % of expenditures		7.9	2.4	15.7

Washington, Illinois--key credit metrics (cont.)

	Most recent	Historical information		
		2022	2021	2020
Total governmental fund result % of expenditures		7.3	(1.0)	17.5
Very strong budgetary flexibility				
Available reserves % of operating expenditures		107.5	103.4	123.0
Total available reserves (\$000)		14,163	13,424	12,512
Very strong liquidity				
Total government cash % of governmental fund expenditures		215	96	184
Total government cash % of governmental fund debt service		9759	4209	1470
Strong management				
Financial Management Assessment		Good		
Strong debt & long-term liabilities				
Debt service % of governmental fund expenditures		2.2	2.3	12.5
Net direct debt % of governmental fund revenue		39		
Overall net debt % of market value		3.8		
Direct debt 10-year amortization (%)		74		
Required pension contribution % of governmental fund expenditures		6.5		
OPEB actual contribution % of governmental fund expenditures		--		
Strong institutional framework				

EBI--Effective buying income. OPEB--Other postemployment benefits. Data points and ratios may reflect analytical adjustments.

Related Research

Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

Copyright © 2023 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.spglobal.com/ratings (free of charge), and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.spglobal.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.

MOODY STANDARD & POOR'S Fitch Rating

Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	Rating description	
Aaa	P-1	AAA	A-1+	AAA	F1+	Prime	
Aa1		AA+		AA+		High grade	
Aa2		AA		AA			
Aa3		AA-	AA-				
A1		A+	A-1	A+	F1	Upper medium grade	
A2	P-2	A	A-2	A	F2	Lower medium grade	
A3		A-		A-			
Baa1		BBB+		BBB+			
Baa2		BBB	A-3	BBB	F3	Lower medium grade	
Baa3		BBB-		BBB-			
Ba1	Not Prime	BB+	B	BB+	B	Non-investment grade speculative	
Ba2		BB		BB			
Ba3		BB-		BB-			
B1		B+		B+			
B2		B		B			
B3		B-	B-				
Caa1		C	CCC+	C	CCC+	C	Substantial risks
Caa2			CCC		CCC		
Caa3			CCC-		CCC-		
Ca			CC	CC	CC	Extremely speculative	
C	C		C	C	Default imminent		
		RD	D	RD	D		

Gentlemen

Per our conversation today, here are the changes we would like to see to the amended Ambulance Ordinance, Standards For The Operation Of Ambulances, Chapter 103, page 8, Item (E).

(E) Upon presentation by an ambulance service of documentation as required by the Ordinance, the City Clerk of the City of Washington **will** issue an appropriate license to the ambulance service **holding the contract for fire, ambulance, and emergency services** after approval by the Chief of Police. **The City of Washington will have the authority to issue only (1) one such license.** The City Clerk or Chief of Police may from time to time as his/her discretion require **the** licensed ambulance service to conform or update its compliance with this Ordinance.

We understand this has to go through legal, but we are hopeful that this language change as well as the rest of the ordinance changes as presented will be acceptable.

Thank you for your time and consideration.

Fire Chief
Clint Kuhlman
Washington Fire Department
200 N. Wilmor Rd.
Washington, Illinois 61571
ckuhlman@washingtonfd.com



- (A) It is unlawful for an ambulance service to operate within the City of Washington without a license issued by the City Clerk of the City of Washington, unless operating under an approved Mutual Aid agreement on file with the City Clerk:.
- (B) Each ambulance service operating within the City shall comply with the provisions of this Ordinance and with Section 515.830: "Ambulance Licensing Requirements" of Title 77, Chapter I, Part 515 of the Illinois Joint Committee on Administrative Rules Administrative Code.
- (C) Each ambulance service operating within the City shall name the City as additional insured on all policies of insurance for liability or misconduct, and copies thereof shall be deposited with the City within 30 days after the commencement or renewal of such policies.
- (D) Each licensed ambulance service operating within the City shall, as a condition of operating under this Ordinance, be required to provide the City with an enforceable document under which the ambulance service shall save and hold the City free, harmless, and indemnified from and against: any and all liability, damages, causes, causes of action, and responsibility whatsoever on account of any injury to any person or damage to any property arising out of or in any way connected with the operations of the ambulance service.
- (E) Upon presentation by an ambulance service of documentation as required by this Ordinance, the City Clerk of the City of Washington ~~shall~~ **may** issue an appropriate license to the ambulance service **after approval by the Chief of Police**. The City Clerk or Chief of Police may from time to time at his/her discretion require a licensed ambulance service to confirm or update its compliance with this Ordinance.
- (F) The Chief of Police or his/her designee shall have the right to inspect all operational locations, ambulances, and/or other emergency non-transport response vehicles proposed to be used or used by a licensed ambulance service at any reasonable time and investigate the emergency response business records of the applicant and staff to be used in the ambulance service at reasonable times, provided, however, that the Chief of Police shall not be allowed to inspect those portions of records which are prohibited from inspection by Federal or State law. Should the ambulance service refuse to allow inspection of a portion of a record due to a Federal or State law, the Chief of Police may require that the ambulance service specify the particular law which restricts inspection and shall be allowed to inspect those portions of the records that are not prohibited by law from disclosure.
- (G) In the case of an emergency where the number of licensed ambulances available is determined by the Chief of Police **or the Incident Command Authority** to be insufficient to render the required emergency ambulance service, the Chief of Police **or his designee** may authorize non-licensed vehicles to operate as ambulances in response to the emergency.