

**: OFFICIAL PROCEEDINGS:****: OF THE CITY OF PEORIA, ILLINOIS :**

A Special Meeting of the City Council of Peoria, Illinois, was held on Tuesday, July 15, 2008, at 6:10 P.M., City Hall, Room 400 Council Chambers, 419 Fulton Street, Peoria, Illinois, with proper notice having been given for the purpose of discussing the City of Peoria Financial Overview of 2008 Year-to-Date Projections and 2009 Preliminary Revenue Projections, with Mayor Jim Ardis presiding.

**ROLL CALL**

Roll call showed the following Council Members physically present: Gulley (arrived at 6:21 P.M.), Jacob, Manning, Montelongo, Nichting, Sandberg (arrived at 6:39 P.M.), Spears, Van Auken, Mayor Ardis – 9; Absent: Spain, Turner - 2.

Others present at the Special Meeting were: Interim City Manager Henry Holling, Corporation Counsel Randy Ray, Communications Manager Alma Brown, Finance Director/Comptroller Jim Scroggins, Director of Public Works Dave Barber, Public Works Program & Budget Administrator Julie Dewey, Civil Engineer Scott Reeise, Director of Planning and Growth Management Pat Landes, Assistant Director of Planning and Growth Management Ross Black, Senior Urban Planner Kim Smith, Director of Economic Development Craig Hullinger, Development Specialist Susan Schlupp, Fire Chief Kent Tomblin, Assistant Fire Chief Dave Johnston, City Clerk Mary Haynes, Chief Deputy City Clerk Beth Ball, members of the media, and interested citizens.

**INVOCATION & PLEDGE OF ALLEGIANCE**

Mayor Ardis requested a moment of silent prayer or silent reflection then led the Pledge of Allegiance.

**PETITIONS, REMONSTRANCES & COMMUNICATIONS – CITY OF PEORIA**

**(08-356) DISCUSSION Regarding the City of Peoria Financial Overview of 2008 Year-to-Date Projections and 2009 Preliminary Revenue Projections; Including 5-Year Projections, and Operating Budget Guidelines. No Final Action will be Taken.**

Interim City Manager Henry Holling said the Council had requested that the Budget process begin earlier in the year with a goal of reviewing the Budget process, looking to improve the process, and with a goal to accomplish a smooth transition when a permanent City Manager was hired. He said a team of Staff members, which included himself, Finance Director/Comptroller Jim Scroggins, Director of Planning and Growth Management Pat Landes, and Director of Public Works Dave Barber, had discussed Budget process improvements. He said discussion for Budget improvements lead to a Staff Workshop that was held on April 5, 2008, and enhancements to the process were discussed. He stated an outline of the process was approved by the City Council two weeks ago and he emphasized the three main goals, which included making the process more open to the public, increasing the transparency to allow a more clear picture of revenues and expenditures, and improving the alignment of the City Staff's priorities with the Council's priorities.

Director of Public Works Dave Barber discussed some of the process adjustments that were discussed in the Staff Workshop. He said this Special Meeting would begin the process so the Staff could hear the Council's priorities before the Staff developed the Budget document. He said at the July 29, 2008, Special City Council Meeting, the Council would discuss the Capital Improvement Program and discuss projects that had been previously approved and Staff

would provide the status of those projects. He said, in the past, Staff had spent time on the ICMA benchmarking process, which had not been used and they did not feel it was worth the time and effort that was needed for completion. He also referred to the Activity Based Budgeting system and he said Staff would still provide the text regarding key issues and activities, but the Staff would no longer separate the costs.

Director Barber further explained internal review teams would assist with Budget review this year to obtain a broader picture and to provide a more complete document for capital projects. He said the Staff would like to hold some extra meetings to move forward with Department presentations in August and September. He said these discussions would be issue focused by key City Departments so the Council would know what the Departments would be facing in 2009 and a plan could be developed to meet the Council's expectations. He said to increase public awareness, it had been suggested holding a public meeting early in the process so citizens could provide information on issues they felt were important in the budgeting process. He also suggested that public input could be given at the end of each Council Budget Session throughout the Budget process.

Director of Planning and Growth Management Pat Landes further discussed the goal to have interaction with the Council to draft a Budget that was in alignment with the Council's goals and to obtain public input. She said, in the past, the Public Hearing for public comment on the Budget was always held in December of each year, and she suggested that a Public Hearing regarding the Budget could be set for sometime in August 2008 to provide opportunities for public comment and for citizens to submit capital requests throughout the Budget process. She said the goals were for Staff to be in alignment with the Council's goals and for the Council to hear from the community in a formal process so the Budget would reflect what the community wanted and what the Council's policies were.

Council Member Gulley arrived at 6:21 P.M.

Finance Director/Comptroller Jim Scroggins said the revenue projections were still early with only three months of sales tax revenue currently reported. He said to be transparent in this regard, he may be coming before the Council numerous times and it was possible the Council would see the same information with different numbers. He encouraged the Council to become familiar with the spreadsheets and forms that would be used.

Director Scroggins discussed the City's financial position for the past five years. He said the fund balance had been built up from approximately \$19 million to over \$28 million, which included reserves for debt. He said the City had met the goal of covering three months of expenditures regarding total unreserved fund balance. He said this was a positive when the City was reviewed by bond rating agencies and it showed the City's commitment to structural balance and conservative budgeting. He said Moody's reported to him today that the City's rating would continue at Double A3. He stated, in the past four years, the fund balance had increased nearly \$10 million, which was due to conservative budgeting and making difficult decisions in 2003 so the City would be aligned. He also pointed out the City was returning to a break even point and expenditures were beginning to catch up.

Council Member Sandberg arrived at 6:39 P.M.

Director Scroggins said the current Budget was on target and he pointed out that revenues were higher than expected and expenditures were down. He said sales tax revenues were coming in better at this time than anticipated and sales tax for April continued to be strong. He stated there was 2% growth for home rule sales tax, 3% growth for municipal sales tax, and income

taxes continued to be strong. He said, while income taxes were still ahead of 2007 numbers, the trend was beginning to slow down. He said he still felt the City would be in excess of what was budgeted in income tax by the end of the year. He added these combined taxes brought in approximately 65% of the City's revenues.

Director Scroggins discussed the five year projections. He said, with the changes in revenue projections and the stability of income tax so far this year, the 2009 deficit was being reduced, but there was still a deficit of \$3.2 million projected for 2009. He said a large portion of the deficit related to the pension issue, but nothing had been done yet legislatively to assist with the problem. Structurally, he said, expenditures in the out years were growing faster than revenues. He stated he did not have an answer for that issue, and he pointed out that 80% was personnel services and benefits. He said these numbers were being tracked daily and monthly to stay ahead of the trends.

Director Scroggins said he used operating guidelines of growth for represented employees of 4.75%, for non-represented employees of 3.5%, for contractual of 2.5%, for supplies of 1.5%, and 12% for health and employee benefits in the out years. He said he would welcome Council direction in these matters.

Mayor Ardis thanked Interim City Manager Holling and Staff for their efforts and for presenting this information so early in the year to the Council. He congratulated the Staff for promoting the idea of transparency and making sure the process was open. He indicated he welcomed the discussions to be held regarding the Capital Budget and to review the focus on projects. He said many of those dollars had been allocated years ago and the Council could determine which projects were still priorities and which dollars could be shifted to other projects. He said he felt the timing of the process change was unique with having an interim City Manager, and he said he felt it was a good time to change the process.

Council Member Van Auken questioned the format regarding how public input would be obtained. She suggested holding a public forum in each Council District, but she expressed concern regarding the strain this could place on Staff members.

Director Landes said the CIP form would be on line for public input. She said the public could address the Council at regular City Council Meetings, Special Council Meetings, or at meetings held in the neighborhoods. She said the Staff was willing to take time for citizens to address the Council regarding their budget concerns at the beginning of the Budget process.

Interim City Manager Henry Holling commended Director Landes and her ability and experience with interfacing with the public, and the City Staff for their professionalism and dedication. He also commended Director Barber for his experience with CIP budgeting and Director Scroggins for the controls in place to monitor the Budget.

In discussion with Council Member Spears regarding the Campustown TIF and final payment, Director Scroggins said the final debt service payment would be made on December 31, 2008, and the TIF would end in 2009. He said this is the first TIF that would actually be closed down. He stated he talked to Bond Counsel and he had been advised there were certain steps that would need to be taken to finalize the TIF and he was not sure if any of these revenues would be available for the 2009 Budget. He further stated final payment would be made on some parking revenue bonds in 2009 and those funds were included in the five-year projections.

Council Member Jacob spoke in support of holding a series of public forums for citizen input on the Budget. He questioned if holding five forums was appropriate, but he said he supported the suggestion.

Mayor Ardis pointed out that holding meetings away from City Hall would not allow for radio or Cable Channel 22 broadcasting.

Council Member Jacob requested that Staff make recommendations because moving the public forums around the City may cause some logistics problems.

In discussion, Council Member Nichting indicated he felt the assumptions purposed were reasonable at this time. He said those assumptions could be tracked as the year proceeded.

In discussion with Council Member Jacob regarding how the CIP process would be conducted, Director Barber explained that at the July 29, 2008, Special City Council Meeting, the Council would discuss the CIP program. He said previously approved projects would be discussed, and after Council input, it would be determined which projects would continue on the CIP list to be fully or partially funded, and which ones would be changed. He said the Council would be encouraged to set priorities so projects could be scheduled to obtain the best bidding prices and be ready for the beginning of the construction season.

Director Landes requested information from the Council regarding the format the Department Directors would use for their presentations. She said it was critical for Staff to know the format so they would be ready with the appropriate information. She questioned how presentations should be made so they would be meaningful to the Council.

Following a brief discussion with Council Member Spears and Council Member Gulley, Director Landes stated the Council's comments were important for the Staff to hear so that the Budget process and the Budget document would be user-friendly to the Council as well as citizens.

Interim City Manager Henry Holling said the Staff intended to move forward aggressively and would be prepared for the Special Council Meeting that would be held on July 29, 2008.

Mayor Ardis thanked the Staff for their presentation.

### **EXECUTIVE SESSION**

**(08-357) REQUESTING APPROVAL of a MOTION for the CITY COUNCIL to go into EXECUTIVE SESSION to Discuss 2(c)(1) The appointment, employment, compensation, discipline, performance, or dismissal of specific employees of the public body, including hearing testimony on a complaint lodged against an employee to determine its validity; and 2(c)(11) Litigation, when an action against, affecting, or on behalf of the particular public body has been filed and is pending before a court or administrative tribunal, or when the public body finds that such an action is probable or imminent.**

Council Member Manning moved that the City Council go into Executive Session to Discuss 2(c)(1) The appointment, employment, compensation, discipline, performance, or dismissal of specific employees of the public body, including hearing testimony on a complaint lodged against an employee to determine its validity; and 2(c)(11) Litigation, when an action against, affecting, or on behalf of the particular public body has been filed and is pending before a court or administrative tribunal, or when the public body finds that such an action is probable or imminent; seconded by Council Member Gulley.

Approved by roll call vote.

Yeas: Gulley, Jacob, Manning, Montelongo, Nichting, Sandberg, Spears, Van Auken, Mayor Ardis – 9;

Nays: None.

**ADJOURNMENT**

Council Member Montelongo moved to adjourn the Special City Council Meeting; seconded by Council Member Jacob.

Approved by viva voce vote.

The Special City Council Meeting adjourned at 7:00 P. M.

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Mary L. Haynes, MMC, City Clerk  
City of Peoria, Illinois

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