

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

A Special Meeting of the City Council of Peoria, Illinois, was held on Tuesday, October 7, 2008, at 5:02 P.M., City Hall, Room 400, Council Chambers, 419 Fulton Street, Peoria, Illinois, with proper notice having been given for the purpose of discussing an item of regular business and the 2009 City of Peoria Budget, with Mayor Jim Ardis presiding.

**ROLL CALL**

Roll call showed the following Council Members physically present: Gulley (arrived at 5:38 P.M.), Jacob, Manning, Montelongo, Nichting, Sandberg, Spain, Spears, Turner, Van Auken, Mayor Ardis – 11; Absent: 0.

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, Budget Coordinator Jan Little, Director of Public Works Dave Barber, Acting City Engineer Nick Stoffer, 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, Patient Advocate/Human Resources Coordinator Janet Tomlins, Human Resources Risk Manager Ed Hopkins, Director of Labor Relations Joe Smith, Director Peoria Animal Welfare Shelter Lauren Malmberg, Police Chief Steven Settingsgaard, Assistant Police Chief Phil Korem, Code Enforcement Manager Linda Lard, Information Systems Operations Manager Mike King, Information Systems Director Cathy Roger, ECC Manager David Tuttle, Director of Inspections John Kunski, Senior Development Specialist Chris Setti, EOO Manager David Watkins, Police Fiscal Affairs Marsha Walraven, Superintendent of Operations and Maintenance Bob Tyler, City Treasurer Reginald Willis, City Clerk Mary Haynes, Chief Deputy City Clerk Beth Ball, Administrative Assistant III Kristyl Johnson, members of the media, and interested citizens.

**INVOCATION & PLEDGE OF ALLEGIANCE**

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

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

**(08-497) Communication from the Interim City Manager and Director of Economic Development Regarding NOTICE that the HOSPITALITY IMPROVEMENT ZONE (HIZ) BUSINESS DEVELOPMENT DISTRICT (BDD) DEVELOPMENT PLAN Will be Submitted and Placed on File for Public Inspection in the Office of the City Clerk on October 8, 2008, with Request to Receive and File.**

Council Member Nichting moved to receive and file the notice that the Hospitality Improvement Zone (HIZ) Business Development District (BDD) Development Plan will be submitted and placed on file for public inspection in the office of the City Clerk on October 8, 2008; seconded by Council Member Turner.

Approved by roll call vote.

Yeas: Jacob, Manning, Montelongo, Nichting, Sandberg, Spain, Spears, Turner,  
Van Auken, Mayor Ardis – 10;

Nays: None.

**UNFINISHED BUSINESS****(08-356) DISCUSSION Regarding the 2009 CITY OF PEORIA BUDGET to Include:****A. REVIEW of CURRENT OUTSTANDING CAPITAL PROJECTS;**

Interim City Manager Henry Holling began by commenting that on June 24th the first formal communication was sent to Council regarding the 2009 Budget process. He stated the process was at the point where three items would be discussed in the spirit of one body working together to derive the best business plan for the benefit of the citizens of Peoria. He said Director of Public Works Dave Barber would provide a review of the current outstanding capital projects, and he said he would be delivering a presentation discussing the budget and how it aligned with core functions of City government, and then Finance Director/Comptroller Jim Scroggins would provide an update on the revenue forecast and the process. He stated comments would then be welcomed from the public regarding the 2009 City of Peoria Budget.

Director of Public Works Dave Barber distributed a copy of the Summary of Special Assessment Projects to all members of the City Council.

Director Barber stated that based upon the review that the Staff conducted, there were \$377,549 in unrestricted funds and \$309,971 in restricted funds available that could be reallocated.

Director Barber stated there was \$2,741,296 available to allocate toward existing Special Assessment Projects. He further stated there were seven projects that were currently outstanding and waiting from petitions received with the oldest project being Lynnhurst Ornamental Lighting Project. He stated if the funds were allocated to complete the seven projects, \$1,313,704 would be needed. He said further discussion would be held at the October 14, 2008, City Council Meeting regarding \$600,000 being allocated towards those projects which would complete all but two of those projects. He further stated Avalon Place Ornament Lighting would be moved and there may not be enough funds for the N. Ridge Road project estimated at \$825,000. He stated with these seven projects and the money allocated for the 2009 Budget, the City would be on track with completing these projects by the end of 2009.

In discussion with Council Member Van Auken, Director Barber explained that any petitions for neighborhoods that were submitted, depending on time of year they were submitted and construction season, would possibly have a waiting period of one year or longer.

Director Barber then directed the Council's attention to the 2008 Active CIP Projects Financial Summary, and he stated the Public Works Department would be attempting to close as many of these projects as possible to reduce the list. Director Barber discussed individual projects under the subheadings of: Special Assessment, Technological Equipment, Facility Operations, Fleet Management, Other Equipment and Supplies, Drainage Projects, Combined Sewer Overflow Projects, Storm Water Projects, Economic Development, Public Benefit Projects, Road Projects, Economic Development Riverfront Projects, and TIF Projects.

In discussion with Council Member Sandberg regarding equipment purchases budgeted for 2007-2008 by Springdale Cemetery, Director Scroggins stated there were several projects, such as repairs to the mausoleum, fencing projects and equipment purchases, that were taking the funds, but extra time would be needed for the expenditures.

Director Barber referred to road projects and stated that of the 31 projects, 17 projects would be closed and \$274,351 would be reallocated for other road projects in the future.

Council Member Manning referred to the road project for War Memorial and California Avenue and he questioned the timeline of this project.

Director Barber confirmed that the funding for this project never materialized and was being removed from the list. He stated this project could always be reopened in the future, if there was a need for more work at that intersection, but he said he would review the situation.

Director Barber finalized discussion by stating these lists could be reviewed in the next week and he recommended that these lists be brought back to the Council at the next Council meeting for concurrence to closing the suggested projects and reallocating the funds.

Council Member Jacob referred to the Storm Water Early Action Hollyhedges project and inquired if there were federal dollars allocated for this project. Director Barber stated that \$400,000 was in the Capital Budget and there was an additional \$481,000 STAG Grant available as well, however the project must be under contract by next August. Therefore, he stated, the Budget would reflect \$881,000 against a project that was budgeted for \$400,000. He also stated that if this project didn't go forward, they would need to find another project that fit the same criteria for that grant. Additionally, he said this was a matching grant, and the City would have to come up with \$81,000.

Mayor Ardis commented that he would like to see movement on this project. Director Barber commented that he would be able to provide additional information next week.

Council Member Jacob referred to the Traffic Video Signals and the reallocation of that money, and he requested more detail and questioned if it was tied to the change in the State law.

Director Barber stated that he would report back.

Council Member Gulley arrived at 5:38 P.M.

## **B. PRESENTATION OF OVERALL VISION/MISSION/CORE FUNCTIONS;**

Interim City Manager Henry Holling discussed the City's mission statement and goals for continuous improvement. He pointed out the 2009 Preliminary Budget totaled \$174,450,764. He stated that 2009 was a "maintenance budget" with no new positions added, but would keep pace with needed improvements, and followed through on the City's commitments. He further stated additional revenue estimates were at \$172,267,601 and there was a preliminary deficit of approximately \$2.2 million. He stated the ultimate goal was for a balanced 2009 Budget. He discussed the six core functions of City government and the allocation of the budget across the core functions. He further discussed 2009 expenses, key accomplishments in 2008, goals, and important trends in 2009 for Public Safety, Public Works (Infrastructure), Neighborhoods (Community Development, Code Enforcement, Peoria Public Library, Municipal Band), Economy (Economic Development and Equal Opportunity Office), Land Use (Planning and Zoning), and Stewardship of tax dollars by departments.

Interim City Manager Holling stated there was an unusual opportunity during this transition time to engage and realign responsibilities in a more efficient manner. He said the Administration was dedicated to making this happen as a team effort.

Mayor Ardis complimented Interim City Manager Holling on the excellent presentation and then asked the Council if they had questions.

Council Member Spain referred to the total breakdown of the Operating and Capital Budget and the percentages assigned to the different components, and he questioned how these percentages were determined and if a list of general operating components and the different classifications of projects could be provided to the Council. He said this information would be helpful for the Council to understand the budget's consistency with the Council's priorities along with the direction of the community.

Interim Henry Holling stated this complex matrix was available and could be a point of discussion as this process moved forward.

Council Member Nichting noted that shortly after Interim City Manager Henry Holling took the office of Interim City Manager, there was discussion regarding the budget deficit, which at that time was \$4 million. He stated that through the leadership Interim City Manager Henry Holling had shown and with the Council's work with the department heads, the deficit was reduced by \$2 million dollars. He stated he believed it was a tribute to all of the City staff as well and was most appreciated by the Council.

Council Member Eric Turner referred to the first item under Goals for 2009 in the Economy section of the presentation which referred to building capacity of minority and female-owned businesses to be successful. He stated that in his everyday job, he worked with the State of Illinois to help train and upgrade minorities dealing with business related issues. He said he would be willing to help in any way possible to utilize that program in the City so this goal could be met.

### **C. REVENUE REVIEW;**

Finance Director/Comptroller Jim Scroggins distributed three handouts which were entitled 1) 2009 Preliminary Budget Revenue Review, 2) City of Peoria General Fund Revenue & Expenditures as of August 31, 2008, and 3) Schedule III Revenue Summary.

Director Scroggins began his presentation by stating that the City of Peoria's revenues were 1.6% over the estimated year-to-date budget, which was approximately \$1.2 million dollars. He commented that Sales Tax numbers had been strong through the first two quarters (2% growth for the Municipal Sales Tax and 1.5% growth for the Home Rule Sales Tax), which was exactly what was budgeted. He pointed out that the expenditures for Employee Benefits, specifically Health Care, reflected a positive experience, but he would be reporting the information back to the Council in the future. He added the projections in his presentation were not too aggressive nor overly conservative.

Director Scroggins referred to the Local Tax Dollars chart and stated that local tax dollars were 50% of the total annual revenue, which were economically driven. He stated the Property Tax Levy estimate for 2008 was an increase of 5.75% in the EAV. He further stated the County was using an estimate of 5.5% growth, so he felt comfortable using 5.75%. He proposed a tax rate of \$1.28990, which was the amount levied last year, but the amount extended was \$1.27 because the EAV came in much higher than estimated. He additionally commented on the Levy Rate on the G.O. bond for the library was 9.6 cents.

Director Scroggins explained how the tax rate was compiled and he discussed the change in tax rate from 1986 through 2007, and he pointed out that the City of Peoria had been responsible with their tax rate. He pointed out that the tax rate had been lowered to \$1.2707 which was down from the highest point in 1989 of \$2.7089.

Director Scroggins discussed Sales Tax Revenues and he estimated a 2% growth for 2009. He stated the present growth rate was approximately 2%. He said he would be monitoring the numbers to see how the changing economy will affect the revenue flow.

In discussion with Council Member Gulley regarding the changing economy, Director Scroggins reiterated that he would be monitoring the impact of the current national financial situation. He reminded the Council that the Sales Tax numbers he received were only through July of 2008, which was a three month reporting lag. He further stated, as in past practices, the estimates for 2009 were very conservative which allowed for the build up of reserves. He said it was possible the revenue flow would change, but the administration would have a plan in place in that event.

Director Scroggins further discussed HRA Revenues and that they had flattened to a 1% - 2% growth. He pointed out that Restaurant Tax had slowed due to the present economy, but it was still a strong revenue source. He further discussed Utility Taxes which included electrical, utility, and telephone revenues, which was dedicated to capital.

In discussion with Council Member Turner regarding the HRA Tax and whether or not the numbers reported reflected owed revenue by those businesses that had gone out of business, Director Scroggins confirmed that the illustration reflected actual amounts collected only.

Council Member Turner then asked the Council to note that there were recommended ways to collect HRA Taxes owed, but the Council must make an initiative to pursue the issue.

Director Scroggins stated utility taxes along with gaming revenues were a primary source of capital funds for the City's non-restricted capital fund which were used to fund drainage, special assessments, and purchase of equipment along with bonds. The Utility Tax was growing at a flat rate of about 1%. He stated he was seeing growth in this area which was based on sales tax versus tax on consumption.

Director Scroggins noted that Gaming Revenues have fallen over the past five years. He said these funds were dedicated to equipment and projects, so in the future if these numbers continued to decline, the community investment plan would have to be adjusted.

Director Scroggins discussed per Capita State Shared Revenues and he stated these were the revenues that had carried the budget over the past several years because they had exceeded expectations, and as a result the City had increased their fund reserves. He pointed out the trend for these revenues had started to decline, but he would be monitoring these revenues very closely in the future.

In discussion with Council Member Turner regarding State Income Tax Revenues, Director Scroggins stated that income tax was still approximately 13% over last year through July, but that number was declining. He further stated that Personal Property Replacement Tax was beginning to decline, but could be recovered quickly if the economy improved.

Director Scroggins stated he had estimated growth for income tax conservatively at 1%, and as it related to Personal Property Replacement Tax, he anticipated a 4% decrease over the current year. He further discussed the General Fund balance and he stated the Administration continued to build a solid fund balance from the years of 2003 through 2007, and the General Fund Unreserved Fund Balance had steadily increased to \$10,144,000.

In discussion with Council Member Jacob regarding his concern over a significant loss in gaming revenues, Director Scroggins suggested that the loss could be attributed to the smoking ban, but he would secure additional information regarding the issue.

In discussion with Council Member Nichting, Director Scroggins stated the Administration would be bringing a Council communication to the October 14, 2008, City Council meeting requesting concurrence on these budget matters.

Council Member Manning referred to the Fire and Police Pension Funds and the Council's past request that these amounts be amortized over a period of time, and he requested that a letter be written to Senator Koehler reminding him this was still a number one priority for this Council.

Council Member Jacob requested an updated version of the five-year budget so that he could review the proposed deficit for 2010. He stated he wanted to make sure the Council reviewed the multi-year budget prior to closing the 2009 budget.

Council Member Spears referred to the flattening of Utility Tax Revenues and he requested information from Ameren-CILCO questioning whether or not their use of electricity in the area had flattened as well. He felt there should have been an increase due to increased development in the City.

Council Member Spain referred to the "R" tax and he expressed concern that there had been a reduction, and he questioned the reasons behind that trend. Director Scroggins said he would review the trend and look at comparables, but it was uncertain whether he would be able to pin it down. He further stated there was still an approximate 2% growth this year.

In discussion with Council Member Jacob, Director Scroggins explained the increases projected for Support for Other Agencies and Benefits. He confirmed that the total operating budget increased by approximately \$8 million, with Support for Other Agencies and Benefits increasing by approximately \$6 million.

#### **D. PUBLIC COMMENT Relating to the 2009 CITY BUDGET.**

It was determined by Mayor Ardis there were no citizens present who wished to address the Council regarding the 2009 City Budget.

Council Member Nichting moved to receive and file the discussion regarding the 2009 City of Peoria Budget; seconded by Council Member Montelongo.

Approved by roll call vote.

Yeas: Gulley, Jacob, Manning, Montelongo, Nichting, Sandberg, Spain, Spears, Turner, Van Auken, Mayor Ardis – 11;

Nays: None.

#### **EXECUTIVE SESSION**

**(08-498) 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, and that the City Council hold an 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 on Saturday, October 11, 2008, at 7:30 A.M. at City Hall.**

Council Member Nichting 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, and that the City Council hold an 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 on Saturday, October 11, 2008, at 7:30 A.M. at City Hall; seconded by Council Member Montelongo.

Approved by roll call vote.

Yeas: Gulley, Jacob, Manning, Montelongo, Nichting, Sandberg, Spain, Spears, Turner, Van Auken, Mayor Ardis – 11;

Nays: None.

### **ADJOURNMENT**

Council Member Spain 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 6:45 P. M.

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

bb/kej