



Memorandum

To: Honorable Mayor and Members of the City Council

From: Henry Holling, Interim City Manager

Date: November 25, 2008

Re: Updated Budget Proposal

I wanted to first extend my thanks and appreciation, on behalf of the entire staff, for the confidence you have placed in us and the leadership you have given during the budget discussions. The Council and staff have partnered to approach the budget in a new way and I believe that the process has been amazingly successful.

At the conclusion of your last meeting, you noted the progress that had been made in closing the budget gap to \$117,771, but requested that staff continue its work towards a balanced budget. In addition, Council demonstrated their continued commitment to neighborhoods and public safety by asking staff to find full funding for the alley light program. We are pleased to share a plan that accomplishes both tasks.

Alley Lights

The original request for the Alley Light program was for \$50,000, but given the task of creating a balanced budget, the initial recommendation within the Community Investment Plan was for \$25,000 in funding. In reviewing options, the Planning and Growth Management and Public Works departments have developed a solution that would return virtually all of this funding. The projected 2009 HUD (CDBG, HOME, ESG) budget shows an anticipated unobligated CDBG balance of \$25,682. One eligible use of CDBG funds is for the City's Sidewalk in Need of Repair program (SINR).

For FY2009, staff had recommended a total SINR budget of \$290,000. This level was funded with two sources: CDBG (\$100,000) and capital funds (\$190,000). The new budget proposal will add \$25,000 in unallocated funds to the CDBG portion of SINR funding in exchange for an equivalent decrease from capital funds. This released capital money will be applied to Alley Lights, making that recommended FY2009 funding level equal \$50,000.

Budget Gap

On November 10, the budget gap stood at \$117,771. Staff is recommending the following actions to close that gap:

- Fire Station 16 Upgrades (CIP) - \$78,000 worth of repairs (of the total \$133,000 recommended) will be delayed for one year. The repairs to be delayed are bathroom renovations and building tuck pointing (the bricks around the main entrance will be repaired in 2009).

- National League of Cities (Operating) – Cancel membership in National League of Cities, which is budgeted at \$8,700 for next year. No members of Council have utilized any opportunities from this organization since 2001.
- Fire and Police Pension Fund (Benefits) – The preliminary budget included estimates for the Police and Fire Pension Fund required contributions. The Finance Department has now received the actuarial valuations for each fund. The required contributions determined by the independent actuaries were lower than the estimated contribution as follows:

	Preliminary Estimated Contribution	Actuarial Contribution	Difference
Police	\$3,819,861	\$3,796,971	\$22,890
Fire	\$5,077,738	\$5,067,851	\$ 9,887
Total Reduction			\$32,777

These three reductions combine to transform the \$117,771 budget deficit into a budget surplus of \$1,706. We have attached a four-page spreadsheet that shows individual budget expenses with proposed changes (provided on 11/10/2008 and on 11/25/2008). One note: On previous documents, we showed a budget reduction for health care expenditures of \$964,625. This had been a “net” number that included a reduction in expenses of \$1,836,222 *and* a reduction in revenues from employees of \$871,597. In the attached spreadsheet, we have separated the net number into decreased expenses and decreased revenue.

With your concurrence, staff will make preparations for adoption of a final budget that totals \$172,451,509. This includes a public hearing on November 25, 2008 and a resolution of adoption and tax levy on December 9, 2008.

This new budget process – crafted earlier this summer under your leadership and executed over these past few months – has been both productive and successful. We all share in the pride of a job well done, and look forward to continuing our service to Peoria’s citizens, visitors and businesses.

Proposed FY2009 Budget (11/25/08)

Item	10/14/08 Proposal	11/10/08 Changes	11/25/08 Changes	Updated Proposal	Core Function
<u>Operating Budget</u>					
Police	\$24,617,526	\$165,175	\$0	\$24,782,701	Public Safety
Fire	\$17,907,175	\$0	\$0	\$17,907,175	Public Safety
Emergency Communications	\$2,653,678	(\$30,450)	\$0	\$2,623,228	Public Safety
Inspections (Building Inspections)	\$986,538	\$0	\$0	\$986,538	Public Safety
Inspections (Animal Control)	\$1,021,867	\$0	\$0	\$1,021,867	Public Safety
Public Works	\$21,607,727	\$200,954	\$0	\$21,808,681	Infrastructure
Planning and Growth (Neighborhoods)	\$604,419	\$0	\$0	\$604,419	Neighborhoods
Inspections (Code Enforcement)	\$2,029,948	\$0	\$0	\$2,029,948	Neighborhoods
Library	\$6,639,253	\$0	\$0	\$6,639,253	Neighborhoods
Municipal Band	\$91,888	\$0	\$0	\$91,888	Neighborhoods
Economic Development	\$591,857	(\$25,000)	\$0	\$566,857	Economy
Equal Opportunity	\$133,803	\$0	\$0	\$133,803	Economy
Planning and Growth (Planning)	\$985,290	\$5,000	\$0	\$990,290	Land Use
Mayor/Council Office	\$300,780	\$7,000	(\$8,700)	\$299,080	Stewardship
City Manager	\$591,456	(\$65,000)	\$0	\$526,456	Stewardship
City Clerk	\$360,776	\$0	\$0	\$360,776	Stewardship
Finance	\$1,366,662	\$0	\$0	\$1,366,662	Stewardship
Treasurer	\$362,296	\$0	\$0	\$362,296	Stewardship
Human Resources	\$1,493,606	\$95,619	\$0	\$1,589,225	Stewardship
Information Systems	\$1,927,814	\$0	\$0	\$1,927,814	Stewardship
Legal	\$913,739	\$0	\$0	\$913,739	Stewardship
Commissions	\$407,222	\$0	\$0	\$407,222	Stewardship
Operating Subtotal	\$87,595,320	\$353,298	(\$8,700)	\$87,939,918	
Benefits Budget	\$41,562,026	(\$1,860,976)	(\$32,777)	\$39,668,273	Benefits
<u>Support to Other Agencies Budget</u>					
Neighborhoods - Support to Other Agencies	\$285,471	\$0	\$0	\$285,471	Neighborhoods
Economy - Support to Other Agencies	\$4,108,147	\$0	\$0	\$4,108,147	Economy
Stewardship - Support to Other Agencies	\$276,000	\$0	\$0	\$276,000	Stewardship
Support to Other Agencies Subtotal	\$4,669,618	\$0	\$0	\$4,669,618	

Proposed FY2009 Budget (11/25/08)

Item	10/14/08 Proposal	11/10/08 Changes	11/25/08 Changes	Updated Proposal	Core Function
<u>Debt Service Budget</u>					
2001A GO Bond	\$340,683	\$0	\$0	\$340,683	Infrastructure
2001B GO Bond	\$20,201	\$0	\$0	\$20,201	Infrastructure
2001B GO Bond	\$478,068	\$0	\$0	\$478,068	Infrastructure
2001C GO Bond	\$157,585	\$0	\$0	\$157,585	Infrastructure
2001C GO Bond	\$41,366	\$0	\$0	\$41,366	Infrastructure
2001C GO Bond	\$47,275	\$0	\$0	\$47,275	Infrastructure
2001D GO Bond	\$205,290	\$0	\$0	\$205,290	Infrastructure
2002B GO Bond	\$262,389	\$0	\$0	\$262,389	Infrastructure
2003A GO Bond	\$318,980	\$0	\$0	\$318,980	Infrastructure
2003B GO Bond	\$1,053,200	\$0	\$0	\$1,053,200	Infrastructure
2004 A Downtown Parking Redevelop	\$618,750	\$0	\$0	\$618,750	Infrastructure
2004 B GO Bond	\$176,356	\$0	\$0	\$176,356	Infrastructure
2004 B GO Bond	\$224,453	\$0	\$0	\$224,453	Infrastructure
2004 C GO Bond	\$1,270,450	\$0	\$0	\$1,270,450	Infrastructure
2005 B GO Bond	\$553,320	\$0	\$0	\$553,320	Infrastructure
2005 B GO Bond	\$179,075	\$0	\$0	\$179,075	Infrastructure
2005 B GO Bond	\$278,450	\$0	\$0	\$278,450	Infrastructure
2005 B GO Bond	\$1,420,550	\$0	\$0	\$1,420,550	Infrastructure
2006 Special Assessment Bonds	\$279,370	\$0	\$0	\$279,370	Infrastructure
2007 A GO Bond	\$1,110,431	\$0	\$0	\$1,110,431	Infrastructure
2007 A GO Bond	\$350,663	\$0	\$0	\$350,663	Infrastructure
2007 Special Assessment Bonds	\$168,415	\$0	\$0	\$168,415	Infrastructure
IEPA Sewer Loan	\$14,733	\$0	\$0	\$14,733	Infrastructure
Other	\$75,440	\$0	\$0	\$75,440	Infrastructure
Southtown School District 150 Obligation	\$236,000	\$0	\$0	\$236,000	Infrastructure
WeaverRidge Special Service Area Bond	\$537,900	\$0	\$0	\$537,900	Infrastructure
2008 A GO Library Bond	\$1,871,417	\$0	\$0	\$1,871,417	Neighborhoods
1998C GO Bond	\$81,915	\$0	\$0	\$81,915	Economy
1998D GO Bond	\$281,520	\$0	\$0	\$281,520	Economy
2001B GO Bond	\$325,955	\$0	\$0	\$325,955	Economy
2001B GO Bond	\$294,226	\$0	\$0	\$294,226	Economy
2001C GO Bond	\$101,534	\$0	\$0	\$101,534	Economy
2001D GO Bond	\$138,739	\$0	\$0	\$138,739	Economy
2002A GO Bond	\$259,890	\$0	\$0	\$259,890	Economy
2005 A GO Bond	\$3,041,888	\$0	\$0	\$3,041,888	Economy
2005 B GO Bond	\$1,132,250	\$0	\$0	\$1,132,250	Economy
2005 B GO Bond	\$130,000	\$0	\$0	\$130,000	Economy
2005 B GO Bond	\$321,100	\$0	\$0	\$321,100	Economy
Other	\$91,680	\$0	\$0	\$91,680	Economy
PMP Fermentation Loan	\$247,320	\$0	\$0	\$247,320	Economy
Debt Service Subtotal	\$18,738,827	\$0	\$0	\$18,738,827	

Proposed FY2009 Budget (11/25/08)

Item	10/14/08 Proposal	11/10/08 Changes	11/25/08 Changes	Updated Proposal	Core Function
<u>Community Investment Plan Budget</u>					
Alley Light Program	\$25,000	\$0	\$25,000	\$50,000	Public Safety
Body Armor Replacement	\$5,000	(\$5,000)	\$0	\$0	Public Safety
Fire Department Operational Equipment	\$25,000	\$0	\$0	\$25,000	Public Safety
Fire Fleet Replacement	\$1,500,000	(\$366,000)	\$0	\$1,134,000	Public Safety
Enhanced Riverfront/Downtown Safety	\$10,000	\$0	\$0	\$10,000	Public Safety
Bomb Squad Armored Suits	\$48,000	(\$48,000)	\$0	\$0	Public Safety
Fleet Recapitalization (Police, PAWS)	\$454,600	\$0	\$0	\$454,600	Public Safety
Outdoor Warning System	\$37,000	\$0	\$0	\$37,000	Public Safety
Police Technology	\$200,000	\$0	\$0	\$200,000	Public Safety
Radios	\$100,000	\$0	\$0	\$100,000	Public Safety
Self Contained Breathing Apparatus (SCBA)	\$30,000	\$0	\$0	\$30,000	Public Safety
SCBA Harness	\$55,000	\$0	\$0	\$55,000	Public Safety
Squad Car Emergency Equipment	\$40,000	\$0	\$0	\$40,000	Public Safety
Stand-By Emergency Generators	\$30,000	\$0	\$0	\$30,000	Public Safety
Arterial Street Overlay (Local MFT)	\$224,750	\$0	\$0	\$224,750	Infrastructure
Arterial Street Overlay (State MFT)	\$815,250	\$0	\$0	\$815,250	Infrastructure
Bridge Structure Repair Program	\$25,000	\$0	\$0	\$25,000	Infrastructure
CBD Streetscape Program	\$55,000	\$0	\$0	\$55,000	Infrastructure
Combined Sewer Overflow LTC Plan	\$800,000	\$0	\$0	\$800,000	Infrastructure
Dr. Martin Luther King, Jr. Drive (Local MFT)	\$200,000	\$0	\$0	\$200,000	Infrastructure
Drainage Improvements	\$160,000	\$0	\$0	\$160,000	Infrastructure
Fire Station 16 Upgrades	\$133,000	\$0	(\$78,000)	\$55,000	Infrastructure
Fire Station 4 Upgrades	\$46,000	\$0	\$0	\$46,000	Infrastructure
Fire Station Relocation/Refurbishment	\$16,995	\$0	\$0	\$16,995	Infrastructure
Fire Training Academy	\$50,000	\$0	\$0	\$50,000	Infrastructure
Fleet Recapitalization (PW)	\$2,115,400	(\$377,000)	\$0	\$1,738,400	Infrastructure
Geographic Information System (GIS)	\$99,000	\$0	\$0	\$99,000	Infrastructure
GPSD Capital Sewer Maintenance	\$721,000	\$0	\$0	\$721,000	Infrastructure
Growth Management	\$250,000	\$0	\$0	\$250,000	Infrastructure
Jefferson Avenue Street Enhancement	\$540,000	\$0	\$0	\$540,000	Infrastructure
Jefferson Parking Deck	\$35,000	\$0	\$0	\$35,000	Infrastructure
Lake Sidewalk Improvement	\$90,000	\$0	\$0	\$90,000	Infrastructure
Landfill	\$789,772	\$0	\$0	\$789,772	Infrastructure
Municipal Services Building	\$40,000	\$0	\$0	\$40,000	Infrastructure
Niagara Deck Parking Deck	\$35,000	\$0	\$0	\$35,000	Infrastructure
Northmoor & Sheridan Intersection	\$340,000	\$0	\$0	\$340,000	Infrastructure
Pennsylvania Avenue Roadway	\$825,000	\$0	\$0	\$825,000	Infrastructure
Peoria Pekin Urbanized Area Study	\$40,000	\$0	\$0	\$40,000	Infrastructure
Police Headquarters Improvements	\$70,000	(\$25,000)	\$0	\$45,000	Infrastructure
Private Drainage Program	\$200,000	\$0	\$0	\$200,000	Infrastructure
Public Works Dries Lane Facility	\$30,000	\$0	\$0	\$30,000	Infrastructure
Riverfront Village Stairs	\$75,000	\$0	\$0	\$75,000	Infrastructure
Safer Neighborhood Sidewalks	\$275,000	\$0	\$0	\$275,000	Infrastructure
Sanitary Sewer Rehabilitation	\$6,032,000	\$0	\$0	\$6,032,000	Infrastructure
Sheridan and Lake Intersection	\$125,000	\$0	\$0	\$125,000	Infrastructure
Sidewalk In Need of Repair Program - SINR	\$190,000	\$0	(\$25,000)	\$165,000	Infrastructure
Sidewalk In Need of Repair Program - SINR	\$100,000	\$0	\$25,000	\$125,000	Infrastructure
Sidewalk Participation	\$240,000	\$240,000	\$0	\$480,000	Infrastructure
Special Assessment Program	\$600,000	(\$110,000)	\$0	\$490,000	Infrastructure

Proposed FY2009 Budget (11/25/08)

Item	10/14/08 Proposal	11/10/08 Changes	11/25/08 Changes	Updated Proposal	Core Function
Springdale Cemetery	\$35,000	\$0	\$0	\$35,000	Infrastructure
Storm Water Management - Clean Water Act	\$100,000	\$0	\$0	\$100,000	Infrastructure
Tech Deck Parking Deck	\$35,000	\$0	\$0	\$35,000	Infrastructure
Twin Towers Parking Deck	\$35,000	\$0	\$0	\$35,000	Infrastructure
Wildcat Sewer Assistance	\$28,000	\$0	\$0	\$28,000	Infrastructure
Citizens' Academy/Neighborhood College	\$2,000	\$0	\$0	\$2,000	Neighborhoods
East Bluff Special Service District	\$58,000	\$0	\$0	\$58,000	Neighborhoods
Glen Oak School Impact Zone Infrastructure	\$200,000	\$0	\$0	\$200,000	Neighborhoods
Guide to Neighborhood Division Programs	\$2,000	\$0	\$0	\$2,000	Neighborhoods
National Night Out Against Crime	\$7,000	\$0	\$0	\$7,000	Neighborhoods
Neighborhood Leadership Awards Banquet	\$5,000	\$0	\$0	\$5,000	Neighborhoods
Neighborhood Newsletters	\$10,000	\$0	\$0	\$10,000	Neighborhoods
Neighborhood Ornamental Repairs	\$25,000	\$0	\$0	\$25,000	Neighborhoods
Neighborhood Watch Program	\$7,000	\$0	\$0	\$7,000	Neighborhoods
Adopt A Ramp Program	\$65,000	\$0	\$0	\$65,000	Neighborhoods
Common Place Home Improvement	\$87,550	\$0	\$0	\$87,550	Neighborhoods
Community Housing Develop. Organizations	\$120,000	\$0	\$0	\$120,000	Neighborhoods
Down Payment Assistance Program	\$200,000	\$0	\$0	\$200,000	Neighborhoods
Emergency Housing Repair Program	\$150,000	\$0	\$0	\$150,000	Neighborhoods
Emergency Shelter Grant Program	\$85,165	\$0	\$0	\$85,165	Neighborhoods
Rebuilding Together - Peoria	\$30,000	\$0	\$0	\$30,000	Neighborhoods
Rejuvenate Peoria	\$300,000	\$0	\$0	\$300,000	Neighborhoods
Systems Repair Program	\$250,000	\$0	\$0	\$250,000	Neighborhoods
Whole House Rehab Program (Glen Oak)	\$300,000	\$0	\$0	\$300,000	Neighborhoods
Fleet Recapitalization (PGM)	\$30,000	\$0	\$0	\$30,000	Neighborhoods
Unobligated CDBG Funds	\$25,682	\$0	(\$25,000)	\$682	Neighborhoods
Unobligated HOME Funds	\$108,309	\$0	\$0	\$108,309	Neighborhoods
Business Development Loan	\$100,000	\$0	\$0	\$100,000	Economy
West Main Street Façade Improvement	\$50,000	\$0	\$0	\$50,000	Economy
Support to Other Agencies (Riverfront)	\$86,500	\$0	\$0	\$86,500	Economy
Copiers	\$25,000	\$0	\$0	\$25,000	Stewardship
Furniture & Office Equipment	\$30,000	\$0	\$0	\$30,000	Stewardship
Information Systems - Computers	\$350,000	\$0	\$0	\$350,000	Stewardship
Holyhedges/Devereaux	\$0	\$318,900	\$0	\$318,900	Infrastructure
CIP Subtotal	\$21,884,973	(\$372,100)	(\$78,000)	\$21,434,873	

Total FY2009 Budget Request **\$174,450,764** **(\$1,879,778)** **(\$119,477)** **\$172,451,509**

Funds Available

Adjustment to Keller Branch Project	n/a	\$111,000	\$0
Adjustment to parking deck repairs project	n/a	\$300,000	\$0
Adjustment to building repairs project	n/a	\$200,000	\$0
Adjustment to Neighborhood Signs project	n/a	\$68,662	\$0
Reallocation of previous CIP funds	n/a	\$377,549	\$0
Reduction in Health Care Revenue	n/a	(\$871,597)	\$0
Additional Funds Available		\$185,614	\$0

Funds Available **\$172,267,601** **\$185,614** **\$0** **\$172,453,215**
Gap **(\$2,183,163)** **\$1,706**