

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

Council Chambers, Peoria, Illinois, November 16, 2010, a Special City Council Meeting was held this date at 5:04 P.M., at City Hall, Council Chambers, Room 400, 419 Fulton Street, with Mayor Jim Ardis presiding, and with proper notice having been posted.

ROLL CALL

Roll call showed the following Council Members were physically present: Gulley, Irving, Montelongo, Riggerbach, Sandberg, Spain, Spears (arrived at 5:51 P.M.), Turner, Van Auken, Mayor Ardis - 10. Absent: Jacob - 1.

INVOCATION & PLEDGE OF ALLEGIANCE

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

PETITIONS, REMONSTRANCES & COMMUNICATIONS – CITY OF PEORIA

**(10-515) Communication from the City Manager and Corporation Counsel
Requesting Adoption of an ORDINANCE Amending CHAPTER 3 of the Code
of the City of Peoria Pertaining to LIQUOR LICENSE FEE INCREASES.**

Council Member Van Auken moved to adopt an Ordinance amending Chapter 3 of the Code of the City of Peoria pertaining to Liquor License Fee increases; seconded by Council Member Turner.

Council Member Van Auken said she felt the proposed increase in fees was relatively modest and allowed Peoria's fees to remain lower than various equally-sized cities. She said the City was in a position where fees must be raised in order to continue to provide services. She added liquor license fees have not been raised in seven years.

Council Member Gulley expressed concern regarding the negative impact the fee increases would have on small businesses. He urged the Council to understand the difficulties smaller liquor establishments were facing and vote against the proposal.

Council Member Sandberg expressed concern that rather than looking at cities comparable to Peoria in size, the focus should be on neighboring cities. He said Peoria should work to stay competitive with East Peoria, West Peoria, and Peoria Heights.

Council Member Turner said, as Deputy Liquor Commissioner, he had communicated with owners of small businesses to address any concerns related to the proposed increase in fees. He said he did not receive negative feedback from these business owners and they understood the service must generate enough money to pay for itself.

In discussion with Council Member Irving, Corporation Counsel Randy Ray clarified the additional revenue needed to implement the change in fees would be relatively small. He said there would be very little additional costs associated with staff time to implement the changes.

Mayor Ardis noted it had been a long time since liquor fees had been increased and he said he felt the increases were reasonable.

Motion to adopt an Ordinance amending Chapter 3 of the Code of the City of Peoria pertaining to Liquor License Fee increases was DEFEATED by roll call vote.

Yeas: Riggerbach, Spain, Turner, Van Auken, Mayor Ardis –5;

Nays: Gulley, Irving, Montelongo, Sandberg – 4.

(Clerk's Note: This Ordinance required 6 Yeas to successfully pass.)

- (10-516) Communication from the City Manager and Acting Director of Human Resources Requesting Authorization for the City Manager to Enter into a THREE- YEAR CONTRACT with CVS/CAREMARK, or Other Action as the Council Deems Appropriate, to Administer the City's Prescription Drug Benefits, with a Termination Clause as Outlined.**

Council Member Spain moved to authorize the City Manager to enter into a three-year contract with CVS/Caremark to administer the City's prescription drug benefits, with a Termination Clause as outlined; seconded by Council Member Riggensbach.

Approved by roll call vote.

Yeas: Gulley, Irving, Montelongo, Riggensbach, Sandberg, Spain, Turner, Van Auken, Mayor Ardis – 9;

Nays: None.

- (10-517) Communication from the City Manager and Acting Director of Human Resources Department Requesting Authorization for the City Manager to Enter into a ONE-YEAR CONTRACT EXTENSION * with HUMANA, INC. or Other Action as the Council Deems Appropriate, to Administer the City's Medical and Dental Insurance Benefits and Administer the City's Networks for Hospitals and Physicians, with a Termination Clause as Outlined.**

Following brief comments, Council Member Spain moved to extend the current contract with Humana, Inc. for one year to administer the City's medical and dental insurance benefits and administer the City's networks for hospitals and physicians, and to realize the savings from their proposed RFP rates for 2011; seconded by Council Member Riggensbach.

Approved by roll call vote.

Yeas: Gulley, Irving, Montelongo, Riggensbach, Sandberg, Spain, Turner, Van Auken, Mayor Ardis – 9;

Nays: None.

(*Clerk's Note: The original proposal was to enter into a Three-Year Contract with Humana, Inc.)

UNFINISHED BUSINESS

(INCLUDING BUT NOT LIMITED TO MOTIONS TO RECONSIDER ITEMS, IF ANY, FROM THE PREVIOUS REGULAR MEETING)

- (10-464) Communication from the City Manager Requesting for the City Council to Provide Direction to the Administration on the PRELIMINARY FY 2011 OPERATING BUDGET.**

- A. Communication from the City Manager and Finance Director/Comptroller Regarding a REPORT BACK on GENERAL FUND BALANCE, with Request to Receive and File.**

Finance Director/Comptroller Jim Scroggins distributed copies of a PowerPoint presentation regarding the General Fund Balance to members of City Council.

Mayor Ardis requested clarification of the utilization of funding from the different accounts within the General Fund. He said he hoped to provide citizens with an understanding of how these funds can and cannot be used. He noted some of the revenue streams were not available to use in areas where deficits exist.

Finance Director/Comptroller Scroggins provided an overview of the General Fund Balance, beginning in the year 2000 through 2009. He said, with the negative impact of the economy on the City's budget, the City was not in a position to absorb any further loss of revenue. He noted the City of Peoria's operating budget would break even in 2010. He said some general litigation items would need to be addressed in the near future and some legal judgments would need to be met. He said once these obligations were met, the General Fund would no longer be in compliance with the City's General Fund Policy.

Director Scroggins also explained the projected 2012 Budget deficit of \$13.8 million. He said this deficit amount included growth for the following: average wage increases for represented (4.75% for COLA and Steps) and non-represented (3.5% for Merit) employees, health care costs (10%), pension and other employee benefits (7%), contractual items (2.5%), and supplies (1.5%). He added the projected deficits through 2015 and noted the structural deficits needed to be addressed in order to deal with these long-term shortfalls. He said the City's General Fund Policy was a 25% Operating Costs to Fund Balance ratio. He said, with current operations breaking even in 2010, the balance would fall to 23% from 26%.

Council Member Spain expressed concern that the City had not addressed replenishing the funds in the General Fund while continuing to close the budget deficit gap. He said that would add another \$500,000.00 into the deficit amount.

In discussion with Mayor Ardis, Director Scroggins clarified the General Liability balance would be at zero once the litigation matters had been settled. He said that line item would have to be added back into the budget. He said the target amount for litigation was 2.5% of fixed assets.

In discussion with Council Member Irving, Director Scroggins confirmed if fund balances fell below certain levels, it would have a negative impact on the City's bond ratings, causing much higher interest rates. He verified the current bond ratings were good.

In discussion with Council Member Sandberg, Director Scroggins clarified as a result of changes in the State Statutes requiring pensions to be fully funded by 2033 and investments in a bad market, the percentage of funding for pensions had been adjusted from 13% to 7%.

City Manager Scott Moore distributed two handouts related to 2011 Revenue Options and the 2011 Preliminary Budget Summary.

City Manager Moore summarized the content of the handouts, noting changes to the 2011 Preliminary Budget Summary could occur, pending receipt of the JAG grant by the Peoria Police Department. He said if the grant did not materialize, cuts to police personnel would have to be made. He noted discussions had taken place with Peoria Fire Local #50 in an attempt to avoid reductions in the Fire Department. He also noted the possibility of reducing the City's Economic Development staff down to two employees.

City Manager Moore provided an overview of the new numbers related to the training and travel budget line item. He noted the balance took into consideration a number of certifications and licenses requiring regular renewals from different departments, as well as continuing education requirements for some positions.

Council Member Spears arrived at 5:51 P.M.

Council Member Irving said he understood the value of training, but he expressed concern that the travel and training line item was excessive in relation to the deficit the City of Peoria was facing.

Council Member Van Auken expressed concern regarding the overall travel policy. She questioned who needed regular certification and how often was the re-certification required. She said she felt it was important to know what options were available and to take steps to ensure employees were not avoiding local training opportunities in lieu of going out of town for licensing and certification requirements.

In discussion with Mayor Ardis who had indicated a step could be added to the policy which required the City Manager's final approval on travel requests, City Manager Moore said the intent of Department Heads was to keep travel at a minimum level and to keep it local.

Council Member Sandberg noted private businesses were not obligated to pay for professional certification and continuing education for its employees. He said these businesses expected its employees to cover the costs themselves. He questioned why the City was obligated to cover these expenses.

In discussion with various Council Members, Public Works Director Dave Barber provided clarification of his department's budget line items including: food/beverage, postage/stationery, periodicals, Gateway Building, automobiles (fleet maintenance), and "other" line item.

In discussion with Council Member Riggerbach, City Manager Moore explained he had received a letter from Peoria County which indicated they needed to settle their budget before they were able to offer assistance with economic development services. He said the Economic Development Council (EDC) was willing to provide assistance in eleven different service areas. He said the EDC proposed to take on all services of economic development except for TIF-related items. He said they had indicated their need to hire additional personnel to handle the City of Peoria's portion of their workload. He said the City was currently in a \$35,000.00 contract with EDC, so he felt it was not appropriate to enter into a new agreement until next fiscal year. He said he hoped to keep two positions for next year in Economic Development and then to negotiate a new agreement with both EDC and Peoria County.

Council Member Spears said economic development activities were relevant to every district in the City. He pointed out Enterprise Zones, TIFs, and Business Development Loans were included in economic development activities and personnel costs were associated with these activities in each district. He said this needed to be taken into consideration when the City decided to outsource this function.

Mayor Ardis noted the reorganization project was a work in progress and more concise information would come back to Council prior to the final approval of the 2011 Budget. He said this project would have an impact on all departments.

In discussion with Council Member Spain, City Manager Moore said the deficit trend that existed with Springdale Cemetery needed to be addressed with their management. He said the City would need to impress upon management to adjust their expenditures accordingly so the deficit does not continue, as well as to consider new revenues.

In discussion with Council Member Irving, Director Barber explained the street lights budget line item in greater detail. He pointed out Ameren was no longer responsible for the maintenance of approximately 4,500 arterial and ornamental street lights throughout the City. He said Ameren was only responsible for the lights on wooden poles. He said maintenance of these lights required two full time electricians and supplies to cover the entire City. He said the department had researched outsourcing this contract and found it was more expensive to do so. He said Ameren also had to cut costs and this was one area that they had eliminated and turned over to the City.

Mayor Ardis requested a report back of Ameren's costs regarding outsourcing.

Police Chief Settingsgaard provided a status report regarding the COPS grant. He said the Federal government recently requested additional documentation including City Council minutes and paperwork related to employees who would potentially be laid off. He reiterated the process was slow. He said he anticipated receiving a verbal approval prior to official approval in writing if the grant was awarded. He said, if the full grant was not awarded, the department could still accept the funds as awarded; however, the parameters of the grant stated those employees who were currently laid off would be re-hired. He said, if this was the case, Special Investigations Division (Vice) would be cut back to one shift and Street Crimes would run one night shift instead of two to accommodate the new layoffs. He noted this restructure would have the least impact on citizen safety.

City Manager Moore reviewed the options for generating additional revenue in 2011. He noted five possibilities which included: Natural Gas Use Tax, Package Liquor Tax, Local Motor Fuel Tax, Garbage Fee Tax, and Property Tax.

In discussion with Council Member Sandberg regarding the Natural Gas Use Tax, Finance Director/Comptroller Jim Scroggins clarified the City would receive revenue based on the amount of payments collected, rather than the amount billed.

Council Member Turner said he felt it was important to look at neighboring cities to attain comparables for the Package Liquor Tax. He said these cities would be competing for the City's business.

Council Member Van Auken noted she had always been a proponent of a Package Liquor Tax, adding the City of Pekin had seen an increase in revenue with this tax. She said, while she would continue to support this tax, she felt it may not be the time for it. She said some items could be used going forward to address future deficits.

In discussion with Council Member Irving, Corporation Counsel Randy Ray confirmed personnel costs associated with implementation of a Package Liquor Tax would be minimal. He added the City would also have leverage with this tax to revoke a liquor license if the tax was not paid.

In discussion with Council Member Spain, City Manager Moore explained the Local Motor Fuel Tax would be reliant on the price at the gas pumps. He also confirmed revenue collected from this option would be restricted to capital improvements.

In discussion with Council Member Van Auken regarding the proposed Garbage Fee, City Manager Moore reported a discrepancy had been discovered involving the number of customers being served with garbage services as compared to the number of customers actually paying for the service. He said this occurred when the service vendor was changed from Waste Management to Peoria Disposal Company. He suggested these records needed to be audited to clear up the discrepancy.

Council Member Irving expressed concern that there should be a sense of urgency to clear up the discrepancy.

City Manager Moore discussed a proposed Property Tax increase. In discussion with Council Members, it was determined the last increase to property taxes for the City of Peoria occurred in 1993.

Council Member Spears expressed concern regarding the way property taxes were calculated for the City of Peoria. He said he felt this was important for next year and should be one of the goals for 2011.

Council Member Sandberg said he felt the only way property taxes would be fair to taxpayers was to increase the assessed value of properties in all districts. He noted the only real limitation was that the time for "truth in taxation" had already passed for FY2011.

Council Member Sandberg expressed concern that the City had not explored fees for non-essential City services. He reiterated the need to generate revenue from the parking garages. He also suggested a fee be charged for fire-based medical response. He said he felt decisions made by past Councils had really limited opportunities for the City to create user-generated fees.

Council Member Turner moved to implement the Natural Gas Use Tax at \$.035/therm; seconded by Council Member Gulley.

Council Member Montelongo expressed concern regarding the impact of the proposed Natural Gas Use Tax on small businesses. He said he wanted a breakdown of what the average business would spend with the increase.

Finance Director/Comptroller Jim Scroggins said Ameren would not provide individual business usage amounts.

Council Member Sandberg noted the Natural Gas Tax was not discretionary. He expressed concern regarding citizens with older homes, mainly retirees or senior citizens, who already experience high costs to heat their homes in the winter. He said he felt this option was the most regressive, with those who have the least being required to pay the most.

Council Member Spears moved for a substitute motion to implement the Natural Gas Use Tax at \$.025/therm; seconded by Council Member Spain.

Council Member Montelongo expressed concern regarding taking a vote on this item due to the lack of information about the impact of the tax on the business sector. He requested a report back.

Finance Director/Comptroller Scroggins said he would make some calls to individual businesses to try to obtain a projected cost analysis.

Council Member Sandberg suggested reviewing costs associated with various City buildings to identify a range for added energy costs within businesses.

Substitute motion to implement the Natural Gas Use Tax at \$.025/therm was approved by roll call vote.

Yeas: Gulley, Irving, Riggenbach, Sandberg, Spain, Spears, Turner, Van Auken,
Mayor Ardis – 9;

Nays: Montelongo – 1.

PUBLIC COMMENTS Regarding the FY2011 CITY OF PEORIA BUDGET.

It was determined there were no citizens who wished to address the City Council regarding the FY2011 City of Peoria Budget.

EXECUTIVE SESSION

- (10-518) Consideration of a Motion to enter into EXECUTIVE SESSION to Discuss 2(c)(1) The appointment, employment, compensation, discipline, performance, or dismissal of specific employees of the public body or legal counsel for the public body, including hearing testimony on a complaint lodged against an employee of the public body or against legal counsel for the public body to determine its validity; 2(c)(2) Collective negotiating matters between the public body and its employees or their representatives, or deliberations concerning salary schedules for one or more classes of employees; and 2(c)(21) Discussion of minutes of meetings lawfully closed under this Act, whether for purposes of approval by the body of the minutes or semi-annual review of the minutes as mandated by Section 2.06.**

Council Member Spain moved to enter into Executive Session to discuss 2(c)(1) The appointment, employment, compensation, discipline, performance, or dismissal of specific employees of the public body or legal counsel for the public body, including hearing testimony on a complaint lodged against an employee of the public body or against legal counsel for the public body to determine its validity; 2(c)(2) Collective negotiating matters between the public body and its employees or their representatives, or deliberations concerning salary schedules for one or more classes of employees; and 2(c)(21) Discussion of minutes of meetings lawfully closed under this Act, whether for purposes of approval by the body of the minutes or semi-annual review of the minutes as mandated by Section 2.06; seconded by Council Member Irving.

Approved by roll call vote.

Yeas: Gulley, Irving, Montelongo, Riggensbach, Sandberg, Spain, Spears, Turner, Van Auken, Mayor Ardis – 10;

Nays: None.

ADJOURNMENT

Council Member Irving moved to adjourn the meeting; seconded by Council Member Riggensbach .

Approved by roll call vote.

Yeas: Gulley, Irving, Montelongo, Riggensbach, Sandberg, Spain, Spears, Turner, Van Auken, Mayor Ardis – 10;

Nays: None.

The meeting adjourned at 7:50 P.M.

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

By: /s/ Beth Ball
Beth Ball, Chief Deputy Clerk
City of Peoria, Illinois

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