



OFFICE OF THE CITY MANAGER

September 30, 2011

Dear Mayor Ardis and Members of the City Council:

City staff is pleased to present the City Council with a recommended Community Investment Plan (CIP) for the years 2012 through 2016. Projects are included in the CIP because they have a life expectancy greater than one year and exceed \$10,000 in cost, or in rare cases, are non-recurring expenses that do not appropriately fit within the operating budget. The CIP includes \$37,164,960 that will need to be budgeted for 2012. The remaining years represent an estimate of anticipated future capital needs. As in years past, the CIP book is divided into a section of summary tables; a section with individual project pages for projects receiving funding between 2012 and 2016; and a section with individual project pages for projects recommended for future funding beyond 2016.

The table below shows the budgets of various CIP funds over the next five years:

Fund	2012	2013	2014	2015	2016
Capital	\$ 8,248,210	\$ 9,233,225	\$10,018,325	\$ 7,312,275	\$ 6,984,075
State MFT	\$ 4,099,155	\$ 3,850,000	\$ 3,850,000	\$ 3,800,000	\$ 3,760,000
Local MFT	\$ 578,000	\$ 580,000	\$ 582,000	\$ 584,000	\$ 586,000
Grants & Reimbursements	\$21,658,595	\$ 4,245,000	\$ 4,245,000	\$ 95,000	\$ 735,000
Sewer	\$ 1,155,000	\$ 5,000,000	\$ 2,578,000	\$ 728,000	\$ 728,000
Downtown TIF	\$ 1,245,000	\$ 1,065,000	\$ 900,000	\$ 790,000	\$ 1,120,000
Southtown TIF	\$ 151,000	\$ 0	\$ 0	\$ 0	\$ 0
Warehouse District TIF	\$ 30,000	\$ 1,685,000	\$ 1,685,000	\$ 0	\$ 0
Total	\$37,164,960	\$25,658,225	\$23,858,325	\$13,309,275	\$13,913,075

Please note that the 2012 total of \$37 million is very high relative to previous years. This total is based on the receipt of significant grants, including \$8.5 million for Orange Prairie Road and \$9.7 million for Washington Street. Also, please note that we have removed a few projects from the CIP because they fail to meet the criteria of the capital policy. The Riverfront Activities project will now be included in the "Support to Other Agencies" section of the budget. Those projects funded with federal Department of Housing and Urban Development sources (CDBG, HOME and ESG) have traditionally been shown in the CIP, but now will be budgeted separately.

Given the long term economic issues that Peoria has faced over the past three years, and still faces, the Administration took a different approach to the construction of this year's CIP. There are three fundamentals that serve as the foundation for our recommendation:

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1. **Live within our means.** Unlike previous years, this CIP does not rely on any bond revenues as a source of funding. While this means a reduction in total funding available for projects that draw on unrestricted capital funds, it frees us from additional future debt service.
2. **Reinvest in the City.** Over the past few years, the City has reduced the capital budget in order to ameliorate problems in the operating budget. While this strategy can work in the short run, over time it can actually negatively impact the operating budget by increasing maintenance costs and decreasing efficiency. As we ask fewer employees to do more, we need to have properly functioning equipment, up-to-date software, and well-maintained work spaces. Just as significantly, postponing costs merely delays the inevitable. Staff fully reviewed the replacement schedules for vehicles and equipment and evaluated the maintenance needs of all of our facilities. The recommendation includes full funding of these critical areas.
3. **Maximize impact with limited resources.** Each year, there are more requests for dollars than there are dollars available. All projects are valuable, but some have a greater impact on a larger share of our population than others. In reviewing submitted projects and deciding among competing interests, those programs that were narrowly focused on individuals or small groups of residents have been eliminated or reduced.

This third – and most important – fundamental is particularly evident in reviewing both which projects received a recommendation and what level of funding was budgeted for others. If you compare last year's CIP (2011 – 2015) to this year's, you will notice that a number of projects are not longer included. Most obvious among these is the elimination of the Special Assessment program. Staff has prepared a presentation on this topic for your October 4, 2011 Special City Council meeting, but the simple fact is that the City cannot afford \$500,000 each year (the previously budgeted amount) in order to improve only a handful of blocks. Similarly, the recommendation does not include funding for programs such as Private Ditching (\$60,000 annually), Neighborhood Ornamental Repair (\$50,000 annually) and Neighborhood Traffic Calming (\$60,000 annually). The Alley Lighting and Paint programs remain, but their funding has been reduced by \$10,000 and \$5,000 respectively.

For programs where funding levels remain relatively the same as in past years, the City must be strategic in its application. For example, Sidewalk Participation and Sidewalk-In-Need-Of-Repair have a combined budget of \$725,000 in FY2012. That amount is \$75,000 *higher* than in FY2011. However, these funds should be utilized in the most strategic way possible: To fix or install sidewalks along arterial and high-traffic streets. Like the Special Assessment program, staff will be providing an overview of our sidewalk programs at the October 4th meeting.

Over 73% of funds in this CIP are dedicated to roads. Of particular note is the Arterial Street Overlay Program. In the last few years, this program has only been modestly funded, if at all (\$750,000 in 2011, \$0 in 2010 and \$1,040,000 in 2009). The one consistent complaint that both Council and staff hear from our citizens is that our road are in terrible shape. For 2012 and every year after, staff is recommending a \$4 million budget for this program. While the City has a similar issue with residential streets, consistent with the theme of maximizing impact staff is recommending that the City focus first on these arterial streets. To fund this program, we will be advocating a shift of certain operating costs (such as road salt, road materials and Public Works salaries) from the State Motor Fuel Tax back into the general fund and

transferring \$900,000 of general funds into the CIP. This concept will be more fully discussed at the October 4th meeting.

The 2012 – 2016 Community Improvement plan is balanced, lives within our means, addresses crucial community needs and maximizes the impact on citizens. The table below shows the 2012 – 2016 CIP by the type of project, regardless of funding source:

Category	% of 2012	2012	2013	2014	2015	2016
Bridge	0.1%	\$ 30,000	\$ 30,000	\$ 30,000	\$ 230,000	\$ 830,000
Drainage	2.0%	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000
Equipment & Technology	5.0%	\$ 1,868,300	\$ 1,146,075	\$ 1,220,625	\$ 1,208,325	\$ 1,222,525
Facilities	4.8%	\$ 1,773,000	\$ 1,480,700	\$ 896,800	\$ 457,000	\$ 323,000
Housing	0.1%	\$ 22,500	\$ 22,500	\$ 22,500	\$ 22,500	\$ 22,500
Parking	0.6%	\$ 210,000	\$ 300,000	\$ 185,000	\$ 150,000	\$ 450,000
Sewers	3.5%	\$ 1,306,000	\$ 5,000,000	\$ 2,578,000	\$ 728,000	\$ 728,000
Sidewalks	4.0%	\$ 1,500,000	\$ 1,375,000	\$ 1,375,000	\$ 1,225,000	\$ 1,225,000
Streets	73.1%	\$27,161,310	\$12,495,000	\$11,777,000	\$ 5,704,000	\$ 5,706,000
Traffic	0.5%	\$ 192,500	\$ 72,500	\$ 72,500	\$ 72,500	\$ 107,500
Vehicles	6.3%	\$ 2,351,350	\$ 2,986,450	\$ 4,950,900	\$ 2,761,950	\$ 2,548,550
Total	100%	\$37,164,960	\$25,658,225	\$23,858,325	\$13,309,275	\$13,913,075

As you will see, in 2012 nearly 84% of all funds are focused on projects that directly impact citizens. The remaining 16% (in the categories of Equipment and Technology, Facilities and Vehicles) makes the work that your staff delivers to citizens every day more effective and efficient.

Staff is fully prepared to discuss this recommendation on October 4, 2011. If you have any questions in advance, please feel free to call.

Sincerely,



Patrick Urich
City Manager