

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

A Special Meeting of the City Council of Peoria, Illinois, was held on Tuesday, October 4, 2011, at 6:15 P.M., at City Hall, Council Chambers, 419 Fulton Street, with Mayor Jim Ardis presiding, and with proper notice having been given.

ROLL CALL

Roll call showed the following Council Members physically present: Akesson, Gulley (arrived at 6:31 P.M.), Irving, Riggerbach, Sandberg, Spain, Spears, Turner, Van Auken, Weaver, Mayor Ardis – 11; Absent: None.

INVOCATION & PLEDGE OF ALLEGIANCE

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

INTRODUCTION OF NEW HUMAN RESOURCES DIRECTOR

City Manager Patrick Ulrich introduced the new Human Resources Director, Mary Ann Stalcup, to her new position and welcomed her to the City of Peoria. He noted a more formal welcome was scheduled for a later date.

PETITIONS, REMONSTRANCES & COMMUNICATIONS**(11-433) Communications from the City Manager as follows:**

A. PRESENTATION and OUTLINE by the CITY MANAGER Regarding the PLAN TO ADDRESS the FY2012 CITY OF PEORIA BUDGET, with Request to Receive and File.

City Manager Patrick Ulrich provided an outline of the evening's budget session. He noted the discussion would center on the Capital Budget, with additional information regarding staffing levels with the reorganization plan and its impact on service delivery coming at the October 17, 2011, Special City Council Meeting to be set.

City Manager Ulrich said, following his overview of the Capital Budget, Special Projects Coordinator Chris Setti would provide an overview of the Early Retirement Incentive information, followed by Public Works Director Dave Barber providing an outline of the Capital Improvement Plan. He stated a Special City Council Meeting would be held on November 1, 2011, for further budget discussions and he planned to present the budget for adoption on November 22, 2011.

City Manager Ulrich highlighted the rate of growth of the City's expenses compared to the rate of growth of the City's revenues from 2004 through 2010. He noted expenses had grown by 30.85% and were outpacing tax revenues which were only increasing by 12.83%. He added program revenue growth was at 21.48%, with the Consumer Pricing Index growth at 15.44%.

City Manager Ulrich said the current fiscal condition of the City of Peoria could partly be attributed to the downturn in the economy. He said, while there had been some growth in sales tax numbers, the structural deficit still existed. He noted the City's employee base had shrunk from 864 employees in 2002 to 709 employees currently. He added, if the City's budget were to remain status quo, deficit growth could climb to approximately \$12.2 million by 2012 and to approximately \$23 million by 2015.

City Manager Ulrich said two major actions had taken place to lessen the current deficit. He said the Joint Labor and Management Healthcare Committee had worked diligently to make significant changes to the City's healthcare plan for its employees, resulting in a savings to the City of \$2.7 million. He noted Staff had also initiated a Voluntary Vendor Cost Reduction Initiative in which current vendors had offered a reduction in costs in exchange for extensions of their current contracts with the City. He said, thus far, this action had saved the City approximately \$72,000.

City Manager Ulrich recommended three items to address the City's structural operating deficit: Reduction in Force (RIF), Early Retirement Incentive (ERI), and an organizational restructure. He noted the year 2012 would be transitional, as these items would be phased in over the next year. He added Staff's due diligence alone could take 3-4 months. He said these changes would assist the City in moving closer to financial stability.

City Manager Ulrich said, when performing the organization's realignment, the City's new realities must be considered. He said Peoria must become financially self-sufficient and be prepared to continue to face increases in demands for services. He said the City must refocus its mission, responsibilities, and services. He said the Strategic Plan that was just adopted would help to provide direction for these changes to take place.

Council Member Gulley arrived in Council Chambers at 6:31 P.M.

City Manager Ulrich added the City needed to live within its means, reinvest in itself, and maximize the impact of its limited resources.

In discussion with Council Member Van Auken, City Manager Ulrich confirmed a detailed discussion regarding additional revenue sources would be held during the October 17, 2011, Special City Council Meeting.

Council Member Spain moved to receive and file the presentation and outline by the City Manager regarding the plan to address the FY2012 City of Peoria Budget; seconded by Council Member Van Auken.

Approved by roll call vote.

Yeas: Akeson, Irving, Riggerbach, Sandberg, Spain, Spears, Turner, Van Auken, Weaver, Mayor Ardis – 10;

Nays: None.

(Clerk's Note: Council Member Gulley was present in Council Chambers but did not vote on this item.)

B. Communication from the City Manager Requesting Approval of a RESOLUTION CREATING an EARLY RETIREMENT INCENTIVE to ELIGIBLE MEMBERS of the ILLINOIS MUNICIPAL RETIREMENT FUND and to OFFER a \$5,000.00 INCENTIVE to THOSE ELIGIBLE EMPLOYEES ELECTING to RETIRE PRIOR to DECEMBER 31, 2011.

City Manager Patrick Ulrich distributed a replacement communication to members of the City Council.

Special Project Coordinator Chris Setti provided an overview of the proposed Early Retirement Incentive for all eligible IMRF-enrolled employees. He said, in order for the City to save approximately \$5 million in personnel costs, approximately 54 positions would need to be eliminated. He said the Early Retirement Incentive being proposed to those enrolled in IMRF

could lessen the impact of these cuts. He noted IMRF had conducted an analysis to determine who would be eligible for the ERI. He said 120 employees were determined eligible based on their attainment of at least age 50 and their service of at least 20 years. He said the ERI would be a cost to both the City and the eligible employees, as the employees' next five years would be purchased in advance. He noted these guidelines were determined legislatively and had to be offered to all eligible IMRF-covered employees. He said the ERI would provide management with greater flexibility during the restructure process. He said if, for example, a more senior employee making a greater salary were to retire, and were replaced rather than eliminated, that employee could be replaced by an employee making a lesser salary. He said some employees had already expressed an interest in the ERI with incentive, if offered. He noted most of the eligible AFSCME members were already topped out in their salary ranges, while most of the management positions were somewhere in the mid-level of their salary ranges. He added any new employee coming into the City would begin as a Tier II employee under IMRF with reduced benefits. He said this would help to limit GASB liability and could potentially reduce health costs.

Mr. Setti explained the incentive portion of the ERI. He said the incentive would allow management some certainty when moving forward with the Reduction in Force. He noted not all eligible employees could go by December 31, but the bonus was offered for those who could.

In discussion with Council Member Sandberg who expressed concern regarding employees being eligible to utilize pension costs five years earlier with the ERI, City Manager Urich clarified GASB funds were set up for post-employment healthcare costs rather than pension costs. He said funds for employee care immediately following retirement would come directly from the Healthcare Fund. He reiterated GASB funds were for long-term costs. He noted the employee and the employer both paid into this fund.

In discussion with Council Member Weaver, City Manager Urich explained OPEC funds were used to pay off the 2003 ERI at a 2% interest rate, compared to paying off IMRF at 7%. He noted the pension liability was paid 100% by property taxes. He added IMRF will calculate the amount for the next levy.

Council Member Weaver requested a report back of cost-savings scenarios based on the number of eligible employees who could potentially take advantage of the ERI, from the high end of the spectrum to the low end of the spectrum.

In discussion with Council Member Riggerbach, City Manager Urich reported the largest amount of healthcare costs came from the 60-65 year-old age group of employees.

Council Member Spain expressed concern that the discussion was combining two separate issues. He said he felt a healthcare item was being used to confuse the pension issue and he said it was inappropriate to do so. He noted healthcare costs for any individual employee remained the same whether or not that employee retired. He said the real issue was about cost savings in salaries and future benefits. He noted he would support the Resolution, as it was an important component to allow the City to move forward with the restructure.

Council Member Spain moved to approve a Resolution creating an Early Retirement Incentive to eligible members of the Illinois Municipal Retirement Fund and to offer a \$5,000.00 incentive to those eligible employees electing to retire prior to December 31, 2011; seconded by Council Member Van Auken.

In discussion with Council Member Spears, City Manager Urich confirmed if the City were not to offer the ERI the turnover with retirements would only be between ten and twelve employees.

City Manager Urich reiterated the Special City Council Meeting on October 17, 2011, would provide an opportunity for more detailed discussion regarding structural changes.

RESOLUTION NO. 11-433 to create an Early Retirement Incentive to eligible members of the Illinois Municipal Retirement Fund and to offer a \$5,000.00 incentive to those eligible employees electing to retire prior to December 31, 2011, was approved by roll call vote.

Yeas: Akeson, Gulley, Irving, Riggerbach, Spain, Spears, Turner, Van Auken, Weaver, Mayor Ardis – 10;

Nays: Sandberg – 1.

C. Communication from the City Manager with Request for the City Council to Provide DIRECTION on the 2012-2016 COMMUNITY INVESTMENT PLAN.

Public Works Director Dave Barber distributed an outline of the 2012-2016 Community Investment Plan with Sidewalk Programs & Funding information and a map of the City of Peoria's Arterial Street Ratings.

Director Barber provided an overview of the CIP for 2012-2016. He highlighted the following areas: bridges, drainage, equipment and technology, facilities, housing, parking, sewers, sidewalks, streets, traffic, and vehicles.

Director Barber provided additional information specific to the sidewalk programs, identifying the depth of the problem, the current programs available, policies and requirements already in place, and he brought forward five policy questions for the City Council to consider at a later date. He said the following should be considered: 1) Should the 80/20 split be adjusted to a lower City share? Is 50/50 more appropriate? 2) Should the current SINR and Participation programs continue with future funds directed to arterial streets or other high pedestrian areas to make repairs or fill in gaps? 3) Should voluntary Sidewalk Participation Program be eliminated and move all efforts to a SINR type mandated program, focusing work on City-identified needs? 4) When filling in gaps in the sidewalk system, what percent split would be appropriate for these properties which have never paid for a sidewalk? 5) Should the City Code be amended to require new sidewalks be installed or existing sidewalks to be repaired or replaced when development occurs?

Director Barber noted the funding level for Sidewalk Participation had been at the 80/20 level since 1996. He said, typically, the fund runs out of money by sometime in August.

Council Member Irving requested a report back on how well the City's "fee in lieu" program worked. He asked for information regarding whether or not the City was making any money with it.

Director Barber noted that no money had been allocated for Special Assessments for the next five years; however, funding was still available to cover the current projects pending. He requested direction regarding how the Council wanted to proceed with the Special Assessment Program.

In discussion with Mayor Ardis, City Manager Urich said the Council would have an opportunity to bring forward policy questions at a Special City Council Meeting to be set for November 1, 2011.

Council Member Spain expressed concern regarding the City moving to a single sidewalk program. He noted the City was setting itself up for a large volume of uncollected money if the SINR program were the sole sidewalk program offered. He said this might be a good reason to consider raising the funding level to 100%.

Council Member Riggensbach said, in the interest of full disclosure, he lives on Stonegate and he noted the petitions for the Special Assessment in that area were gathered prior to him being seated on the City Council.

Council Member Gulley noted that no money had been allocated for opportunity acquisitions and he expressed concern that the Council, who had listed on a previous Legislative Agenda the Martin Luther King, Jr. Drive project as a priority, had shifted its focus and this would limit chances to purchase property to move forward with this important Southtown project. He stated, when the Legislative Agenda was set, Council should prioritize projects for 2016.

In response to a question from Council Member Irving regarding how the project levels were determined, Director Barber referred Council to section C of the CIP booklet which outlined the process.

Mayor Ardis complimented the City Manager and Staff on their hard work to bring all of the information presented forward. He said it was important for Council to remember it was not their job to micromanage programs and projects. He said any questions or suggestions regarding the CIP should be forwarded to the City Manager for review. He noted he looked forward to the City Manager presenting the Council with a balanced budget in the near future.

Council Member Akesson questioned if projects were tracked as they were added or removed from the CIP over time. She expressed concern that there was confusion regarding how projects were determined for the CIP. She stated she felt decisions should begin to be made by the Council for 2016 and beyond. She said when projects were extracted from the CIP, there needed to be a good reason for the removal, and prior projects should not be revisited unless the reason was satisfactory.

Mayor Ardis noted the ever-changing economy was a huge factor which required constant modification of the list of projects. He said the offset of capital projects was necessary to cover growing costs on the operational side of the budget.

Mayor Ardis determined no vote was needed. No objections were heard.

D. PUBLIC COMMENTS Regarding the FY2012 CITY OF PEORIA BUDGET.

Hearing no objections, Mayor Ardis requested Privilege of the Floor for any member of the public to address the City Council regarding the FY2012 City of Peoria Budget.

Maury Brucker, Peoria resident and President of the Peoria Botany Society, expressed concern regarding the lack of cost control to maintain Springdale Cemetery, specifically the expansion of the mowed areas. He noted the grounds contained a portion of State-recognized savanna, which had indigenous vegetation growing, and a large section of that area had been mowed off. He said the expanded mowing also contributed to erosion and runoff.

(11-434) Communication from the City Manager Requesting Approval of a DATE SET for a SPECIAL CITY COUNCIL MEETING to be Held on MONDAY, OCTOBER 17, 2011, at 6:15 P.M. to Hold a BUDGET SESSION Regarding the FY2012 CITY OF PEORIA BUDGET and Other Matters – To be Held at City Hall, Council Chambers (Room 400), 419 Fulton Street, Peoria, Illinois.

Council Member Spain moved to approve a date set for a Special City Council Meeting to be held on Monday, October 17, 2011, at 6:15 p.m. to hold a Budget Session regarding the FY2012 City of Peoria Budget and other matters – to be held at City Hall, Council Chambers (Room 400), 419 Fulton Street, Peoria, Illinois; seconded by Council Member Turner.

Approved by roll call vote.

Yeas: Akeson, Gulley, Irving, Riggerbach, Spain, Spears, Turner, Van Auken, Weaver,
Mayor Ardis – 10;

Nays: Sandberg – 1.

CITIZENS' OPPORTUNITY TO ADDRESS THE CITY COUNCIL/TOWN BOARD

It was determined there were no citizens who wished to address the City Council/Town Board.

EXECUTIVE SESSION

It was determined that an Executive Session was not needed.

ADJOURNMENT

Council Member Weaver moved to adjourn the Special City Council Meeting; seconded by Council Member Riggerbach.

Approved by roll call vote.

Yeas: Akeson, Gulley, Irving, Riggerbach, Sandberg, Spain, Spears, Turner,
Van Auken, Weaver, Mayor Ardis - 11;

Nays: None.

The Special City Council Meeting adjourned at 8:34 P.M.

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

Beth Ball
Chief Deputy City Clerk

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