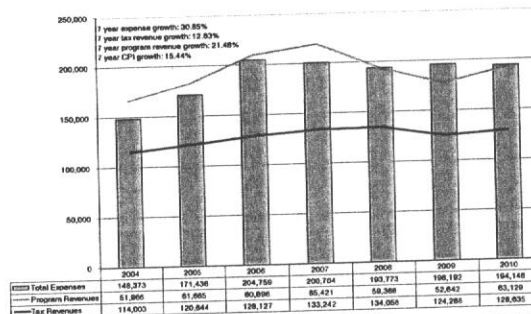


Proposed 2012 Operating Budget Community Investment Plan

October 4, 2011



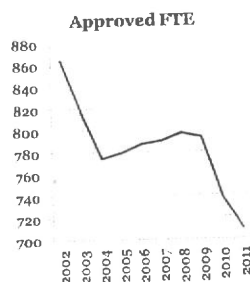
Expense Growth Outpacing Revenue Growth

City of Peoria, Civic Center and Springdale
Tax Revenues and Expenses 2004-2009

Fiscal Condition of City Government

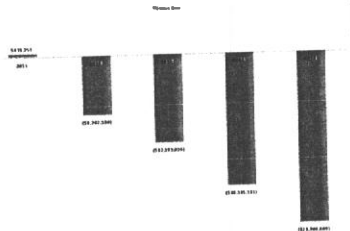
- First Quarter Financial Report identified \$9.6 million deficit:
 - \$6.0 million structural deficit
 - \$3.6 million cyclical deficit
- Second Quarter Financial Report closed the cyclical deficit by \$1.4 million, leaving overall deficit at \$8.2 million
- Internal and external cost drivers are causing the deficit

City Employee Base Has Shrunk



- Fiscal stress over the last decade has reduced the number of City Employees from 864 in 2002 to 709 in 2011
- No revenue stream of the City has kept pace with salary and benefit growth.
- \$10 million needed to retain positions reduced since 2006

Status Quo Budget: Unsustainable

City of Peoria General Fund
Change in Fund Balance, 2011-2015

Budget: Actions Taken

Healthcare

- Changes to plan estimated to save \$2.7 million
- New Healthcare Fund established
- 3 year extension to LMHC

Voluntary Vendor Cost Reduction Initiative

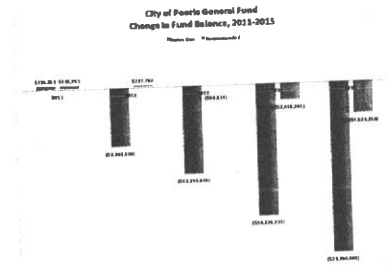
- Negotiated cost reductions for contract extensions
- Over \$30,000 Savings already achieved

Budget: Recommendations

Structural Operating Deficit

- Reduction In Force: 54 positions, \$5.0 million of Salaries and Benefits Reduction
- ERI: Window Open 11/1/11 – 10/31/12
- Restructuring Options
 - New Reporting relationships
 - Managed Competition
 - Shared Services with County

Moving To Financial Sustainability



Organizational Alignment

- New Realities
 - Peoria must become financially self sufficient
 - Peoria will continue to face increased service demands
 - Peoria must refocus our Mission, Responsibilities, and Services
- Strategic Plan Adopted
- Financial Transparency/Financial Policy Review
- Define Core Services: Internally and Externally
- Restructure Organization for Sustainable Future

Budget: Limited Resources, Maximum Benefit

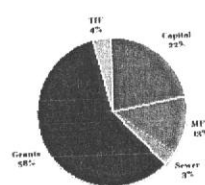
- Operating Budget
 - Address the Structural Deficit through RIF/ ERI Strategy
 - Curtail growth in healthcare, other benefits
 - **Significant operational impacts**
- Capital Budget
 - Live within our Means
 - Reinvest in the City
 - Maximize Impact with Limited Resources

2012 Community Investment Plan \$37,164,960

By Project Type



By Funding Source



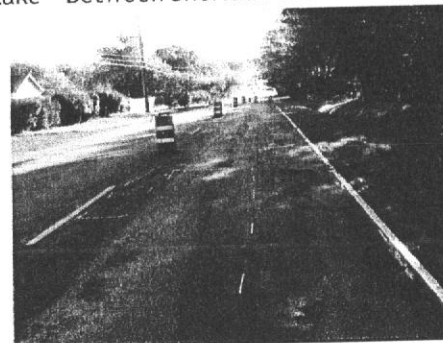
Western - Between Washington and Lincoln



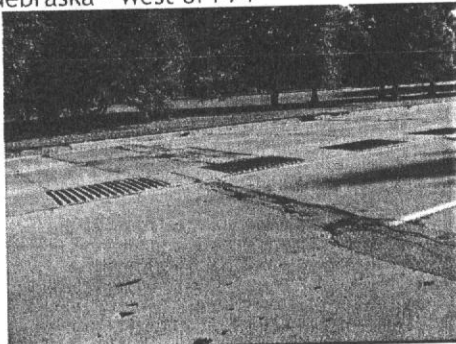
University Street - South of McClure



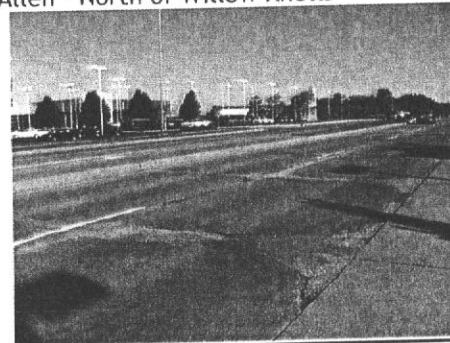
Lake - Between Sheridan and Knoxville



Nebraska - West of I-74

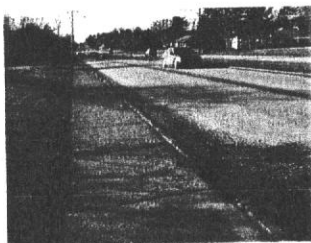


Allen - North of Willow Knolls



Arterial Street Overlay Program

- \$42 million backlog for upgrading primary and minor arterial streets
- Recommendation to transfer operating costs back to General Fund
- Increase investment in roads by \$17 million over 5 years



Sidewalk System How Big is the Problem?

- Existing Sidewalks: 712 miles, \$122.3 million
- Missing Sidewalks: 237 miles (55 miles near schools), \$40.7 million
- ADA Ramp Compliance: \$6.9 million
- 50 Year Useful Life/ 2% Deterioration:
 - \$2.4 million/year to maintain existing
 - \$1.0 million/year for new/ADA compliance

Current Sidewalk Programs

- Sidewalk in Need of Repair (SINR)
- Sidewalk Participation
- Safer Neighborhoods/Schools
- Special Assessment Projects
- ADA Compliance
- Impact Zones
- Public Works Projects
- Private Development / Redevelopment

Sidewalk Policy Questions

1. Should the 80/20 split be adjusted to a lower City share? Is 50/50 more appropriate?

Staff Recommendation: A 50/50 split would leverage more community resources towards sidewalks

Sidewalk Policy Questions

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?

Staff Recommendation: Yes

Sidewalk Policy Questions

3. Should voluntary Sidewalk Participation Program be eliminated and move all efforts to a SINR type mandated program? This will focus work on City identified needs?

Staff Recommendation: Yes, City Council would make decisions on sidewalk investments annually.

Sidewalk Policy Questions

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?

Staff Recommendation: A 50/50 split would leverage more community resources towards sidewalks

Sidewalk Policy Questions

5. Should the City Code be amended to require new sidewalks be installed or existing sidewalks to be repaired or replaced when development occurs?

Staff Recommendation: Staff would like to explore additional options on the conditions we would require sidewalks

Special Assessment Pending Projects

- Stonegate Road Sidewalk & Roadway Improvement (\$850,000)
- Elizabeth Street Ornamental Lighting (\$55,000)
- Twelve Oaks Drive Ornamental Lighting (\$60,000)
- N. Flora Avenue Ornamental Lighting (\$75,000)



Special Assessment Policy Questions

1. Should the City continue to accept Special Assessment petitions?
2. Or should Special Assessment petitions continue to be accepted and brought forward as part of future CIP recommendations for Council approval?

Staff Recommendation: Special Assessments NOT funded in 2012 CIP, so staff recommends discontinuing program or seeking alternative financing like Special Service Areas