

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

Council Chambers, Peoria, Illinois, November 2, 2004, a Regular Meeting of the City Council of the City of Peoria was held this date at 6:20 P.M., at City Hall, Council Chambers, 419 Fulton Street, Mayor David P. Ransburg presiding.

ROLL CALL

Roll call showed the following Council Members present: Ardis, Grayeb, Gulley, Morris, Nichting, Sandberg, Spears, Teplitz, Thetford, Turner, Mayor Ransburg – 11; Absent: None.

INVOCATION & PLEDGE OF ALLEGIANCE

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

PROCLAMATIONS, COMMENDATIONS, ETC.

PROCLAMATION: UNIVERSITY OF ILLINOIS EXTENSION SERVICE EXPANDED FOOD AND NUTRITION EDUCATION PROGRAM DAY – November 8, 2004

PROCLAMATION: FESTIVAL OF TREES WEEK – November 14 – 20, 2004

Mayor Ransburg said Mr. Bob McCord, former Council Member, who had raised money for and was very active with Easter Seals, was in the hospital. Mayor Ransburg wished him well and commended him for his community service over the years.

MINUTES

Council Member Nichting moved to approve the minutes of the Regular City Council Meeting held on October 19, 2004, as printed, with a clarification to replace the words “alternative revenue” with “general obligation” on Page 26741, in the fourth line of the third paragraph, and on Page 26745 in the fourth line of the motion; seconded by Council Member Turner.

Approved by roll call vote.

Yeas: Ardis, Grayeb, Gulley, Morris, Nichting, Sandberg, Spears, Teplitz, Thetford, Turner, Mayor Ransburg – 11;

Nays: None.

REQUEST to MOVE AGENDA ITEM

Council Member Spears moved to move Agenda Item No. 8 regarding the Ordinance approving a new street name of West James Baumann Way forward on the Agenda to be discussed at this time; seconded by Council Member Nichting.

Approved by roll call vote.

Yeas: Ardis, Grayeb, Gulley, Morris, Nichting, Sandberg, Spears, Teplitz, Thetford, Turner, Mayor Ransburg - 11;

Nays: None.

PETITIONS, REMONSTRANCES & COMMUNICATIONS

- (04-565) Communication from the City Manager and Director of Planning and Growth Management Recommending Adoption of an ORDINANCE Approving a NEW STREET NAME of WEST JAMES BAUMANN WAY, Located Between Rockwood Road and Sterling Avenue in the City of Peoria.**

Council Member Spears moved to adopt the Ordinance approving a new street name of West James Baumann Way, located between Rockwood Road and Sterling Avenue in the City of Peoria; seconded by Council Member Nichting.

ORDINANCE NO. 15,700 was approved by roll call vote.

Yeas: Ardis, Grayeb, Gulley, Morris, Nichting, Sandberg, Spears, Teplitz, Thetford, Turner, Mayor Ransburg - 11;

Nays: None.

Mayor Ransburg said Traffic Engineer Jim Baumann was a wonderful City employee and a great friend to all at City Hall. He said even though Jim lost his battle with cancer last year, those who knew Jim were better human beings for having known him. He said the City Council felt it was very appropriate to name a street in the City after Jim to honor him for his years of dedicated service to the community.

Mayor Ransburg and Council Member Spears presented honorary street signs to the family of Jim Baumann.

Mrs. Judy Baumann said Jim loved the City and would have been very humbled by this honor. She thanked the City on behalf of all of Jim's family.

CONSIDERATION OF CONSENT AGENDA ITEMS BY OMNIBUS VOTE, for the City of Peoria, with Recommendations as Outlined:

- (04-566) Communication from Finance Director/Comptroller Regarding Placement of the 2005 BUDGET CALENDAR, with Recommendation to Receive and File.**
- (04-567) Communication from the City Manager and Director of Public Works Recommending Approval of the FIRST ONE-YEAR EXTENSION of the CONTRACT with KONE ELEVATOR CO. for ELEVATOR SERVICES through October 31, 2005, in the Amount of \$24,284.00.**
- (04-568) Communication from the City Manager and Director of Planning and Growth Management Recommending Reallocation of \$10,000.00 in COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) Funds from the 2004 EMERGENCY REPAIR PROGRAM to the 2004 ADOPT-A-RAMP PROGRAM.**
- (04-569) Communication from the City Manager and Director of Planning and Growth Management Recommending Entering into an AGREEMENT with PEORIA CITIZENS COMMITTEE for ECONOMIC OPPORTUNITY (PCCEO) for CHDO Operating Costs, in the Amount of \$27,131.00.**

- (04-570) * Communication from the City Manager and Interim Director of Economic Development Recommending Approval of the LEASE AGREEMENTS with ADAMS OUTDOOR ADVERTISING, as Outlined, and Authorizing the City Manager to Execute the Necessary Documents.
- (04-571) Communication from the City Manager and Director of Public Works Recommending Approval of an ADDENDUM to the JOINT AGREEMENT with IDOT for Work Associated with the Reconstruction of I-74 and the Reconstruction of a Portion of CRESCENT AVENUE, and Recommending Approval of the SUPPLEMENTAL MFT RESOLUTION NO. 04-571, in the Amount of \$39,000.00, and Authorizing the City Manager to Sign the Agreement.
- (04-572) Communication from the City Manager and Director of Planning and Growth Management Recommending Acceptance of the FIVE-YEAR CONSOLIDATED PLAN and ANNUAL ACTION PLAN for Fiscal Year 2005, for Submittal to the Department of Housing and Urban Development, with a Total Grant Request Amount of \$3,349,204.00.
- (04-573) Communication from the City Manager Recommending Approval of a RESOLUTION NO. 04-573 Authorizing the SALVATION ARMY to SUBMIT an APPLICATION to the ILLINOIS DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY for \$75,000.00 in GRANT FUNDING Available Through the Illinois Emergency Shelter Grants Program.
- (04-574) Communication from the City Manager and Finance Director/Comptroller Recommending Adoption of ORDINANCE NO. 15,701 Amending the BUDGET for Fiscal Year 2004 Relating to a JOINT AGREEMENT with the ILLINOIS DEPARTMENT of TRANSPORTATION (IDOT) for the I-74 RAMPS from West of North Street to Knoxville Avenue, the Downtown Area Arterial Streets, and the Reconstruction of a Section of Crescent Avenue.
- (04-575) APPOINTMENT by Mayor David P. Ransburg to the FAIR EMPLOYMENT AND HOUSING COMMISSION, with Recommendation to Concur:
- Edward Jackson (Voting) Term Expires 6/30/05
- (04-576) APPOINTMENT by Mayor David P. Ransburg to the PEORIA CIVIC CENTER AUTHORITY, with Recommendation to Concur:
- Daniel M. Murphy (Voting) Term Expires 7/1/06
- (04-577) REPORTS:
1. TOWN OF THE CITY OF PEORIA FINANCIAL REPORT – Period Ending 9/30/2004.

- (04-578) ADOPTION of COMMITTEE REPORT Regarding an OVERVIEW Regarding the 2005 CITY of PEORIA OPERATING BUDGET; an OVERVIEW Regarding the 2005 CITY of PEORIA CAPITAL BUDGET; and DISCUSSION Regarding the 2005 CITY of PEORIA CAPITAL BUDGET PROJECTS.**

Council Member Nichting moved to approve the Consent Agenda items as outlined in the Council Communications; seconded by Council Member Grayeb.

Council Member Sandberg requested that Item No. 04-570 be removed from the Consent Agenda for further discussion.

Item Nos. 04-566 through 04-578 (excluding Item No. 04-570 which was removed from the Consent Agenda for further discussion) were approved by roll call vote under the Omnibus Vote Designation.

Yeas: Ardis, Grayeb, Gulley, Morris, Nichting, Sandberg, Spears, Teplitz, Thetford, Turner, Mayor Ransburg – 11;

Nays: None.

- (04-570) * Communication from the City Manager and Interim Director of Economic Development Recommending Approval of the LEASE AGREEMENTS with ADAMS OUTDOOR ADVERTISING, as Outlined, and Authorizing the City Manager to Execute the Necessary Documents.**

Council Member Sandberg said he would not support this item. He said he did not feel the Council should encourage off-premise outdoor advertising and he said he did not feel the City would be receiving enough revenue from this endeavor.

Council Member Nichting moved to approve the lease agreements with Adams Outdoor Advertising, as outlined, and authorize the City Manager to execute the necessary documents; seconded by Council Member Turner.

Approved by roll call vote.

Yeas: Ardis, Grayeb, Gulley, Morris, Nichting, Spears, Teplitz, Thetford, Turner, Mayor Ransburg - 10;

Nays: Sandberg - 1.

- (04-579) Communication from the City Manager and Director of Human Resources Requesting Approval of a THREE-YEAR CONTRACT for PREFERRED PROVIDER ORGANIZATION (PPO) SERVICES for the City of Peoria Health Care Plan with METHODIST MEDICAL CENTER and PROCTOR HOSPITAL through PALM, which Could be Extended up to Three Additional Years Upon Mutual Agreement by Both Parties.**

Council Member Turner moved to approve a three-year contract for Preferred Provider Organization (PPO) Services for the City of Peoria Health Care Plan with Methodist Medical Center and Proctor Hospital through PALM, which could be extended up to three additional years upon mutual agreement by both parties; seconded by Council Member Morris.

Motion to approve a three-year contract for Preferred Provider Organization (PPO) Services for the City of Peoria Health Care Plan with Methodist Medical Center and Proctor Hospital through PALM, which could be extended up to three additional years upon mutual agreement by both parties, was approved by roll call vote.

Yeas: Ardis, Grayeb, Gulley, Morris, Nichting, Sandberg, Spears, Teplitz, Thetford, Turner, Mayor Ransburg - 11;

Nays: None.

(04-580) Communication from the City Manager and Director of Human Resources Requesting Approval of a THREE-YEAR CONTRACT for PRESCRIPTION DRUG BENEFITS with WALGREEN'S HEALTH INITIATIVES (WHI) for the City of Peoria Health Care Plan, which Could be Extended up to Three Additional Years Upon Mutual Agreement by Both Parties.

Council Member Turner moved to approve a three-year contract for prescription drug benefits with Walgreen's Health Initiatives (WHI) for the City of Peoria Health Care Plan, which could be extended up to three additional years upon mutual agreement by both parties; seconded by Council Member Morris.

In discussion with Council Member Sandberg regarding his concern about the performance levels of Walgreen's, Director of Human Resources Pat Parsons said there had been some service problems. He said he had met with the Walgreen's representatives and they had been very responsive and have addressed the City's concerns.

Motion to approve a three-year contract for prescription drug benefits with Walgreen's Health Initiatives (WHI) for the City of Peoria Health Care Plan, which could be extended up to three additional years upon mutual agreement by both parties, was approved by roll call vote.

Yeas: Ardis, Grayeb, Gulley, Morris, Nichting, Sandberg, Spears, Teplitz, Thetford, Turner, Mayor Ransburg - 11;

Nays: None.

(04-581) Communication from the City Manager and Director of Human Resources Requesting Approval of a THREE-YEAR CONTRACT for THIRD PARTY ADMINISTRATION and UTILIZATION REVIEW SERVICES with HEALTH ALLIANCE, Not to Exceed \$20.75 per Insured Member per month in the first year of the Contract, which could be Extended up to Three Additional Years Upon Mutual Agreement by Both Parties.

Additional information regarding the Health Care Committee's selection for Third Party Administrator and Utilization Review Services from the City's Consultant, Director of Health Research Institute William E. Hembree, was distributed to all members of the City Council.

Council Member Turner moved to approve a three-year contract for Third Party Administration and Utilization Review Services with Health Alliance, not to exceed \$20.75 per insured member per month in the first year of the contract, which could be extended up to three additional years upon mutual agreement by both parties; seconded by Council Member Morris.

Council Member Morris moved to grant Privilege of the Floor to those who wished to address this issue; seconded by Council Member Sandberg.

Council Member Turner said the challenge for the Health Care Committee to manage the City's healthcare went back to 1993. He said the healthcare plan designs had changed many times and they have been able to effectively manage the plan.

Hearing no objections, Mayor Ransburg granted Privilege of the Floor to Mr. Don Borgra and others who wished to address the Council.

Mr. Don Borgra, Co-Chair of the Healthcare Committee and representing Crafts and Trades on the committee since 1993, in response to Council Member Turner's question regarding how the third party administrator was chosen, provided the Council with some background. He said the Committee referred to one basic document that was developed in 1993, which was their mission and goals statement. He said maintaining a better level of health by even a small number of participants could result in saving the health plan a significant amount of dollars over long term. He explained that Health Alliance was chosen because their proposal provided an effective integrated approach to maintain and improve the health plan for participants as well as provide TPA services. He said Health Alliance's costs for third party administration, utilization review, and stop loss coverage were less than the current vendor. He explained there were nine physicians and one director on staff, with one of the physicians in Peoria which would respond when needed. He said Health Alliances included a team of actuaries as part of their services, as well as experienced nurses and support staff. He added their account manager was located in the City of Peoria.

In discussion with Council Member Turner regarding why HCH was not selected, Director of Human Resources Pat Parsons explained the Healthcare Committee was very concerned about moving away from a local vendor. He said as the evaluations were made, the Committee came to a point where they felt that, even if HCH partnered with their preferred utilization vendor, or any of the other finalists, they could not have effectively provided the healthcare approach through maintenance and health improvement for plan participants that could be obtained through Health Alliance. He added that HCH's emphasis was on the efficient and accurate payment of medical bills as opposed to Health Alliances' focus, which was on the maintenance and improvement of the participants' health to contain the long term costs of the plan. He also stated that HCH would have to rely on their partners to focus on the long term issues of health. He said, when the Committee reviewed HCH's preferred utilization vendor, the Committee did not select them as a finalist because there were multiple reasons for concern. He said it was found the current vendor would have been much superior to Health Link, which was HCH's recommended partner for that area. He said, if the City retained HCH's services, cost containment options would be very limited. He added the most viable option to the City would be to maintain and improve the health of participants, if there was to be a substantial impact on the plan. He said the positive performance of Health Alliance was reflected in their National Creditation and High Member Satisfaction Survey Results as compared to the City's current utilization management vendor, who had experienced problems getting participation in the Disease State Management Program as well as communication issues. He stated there had been service issues with HCH as well in terms of payment of claims and timely payment of claims.

In discussion with Council Member Turner regarding the reasons Health Link was not chosen, Jerry Belcher, Healthcare Committee Co-Chair representing City Retirees, explained the Committee had spent approximately 30 hours evaluating the proposals. He referred to utilization review and he said the Health Link proposal was not considered because their score was the lowest of all vendors. He said their costs were high, with additional costs per month for behavioral health and substance abuse services. He said these costs could add up quickly. He added there was an open ended charge for case management of \$150.00 an hour, with no limits. He said this amount was not represented in the actual dollar amount of the bid, but this cost was included in the bid from Health Alliance.

Mr. Belcher added Health Link was not fully accredited to perform the services needed. He said the Committee had questions about Health Link's overall philosophy, which seemed to be at odds with the goals and mission statement of the Healthcare Committee. He said Health Link's programs were weak and there was thin staffing to perform quality utilization and management services. He explained, unless a patient was actually in one of their network hospitals, Health Link's nurses would not visit the patient to work out arrangements to manage the case. He said the patient received only a phone call. He said Health Link's programs to prevent future illness and disease management were weak. He said these were areas that the City would have to look to for costs savings. He pointed out that 20% of the insured employees accounted for 80% of the costs. He stated another concern was, when a patient was being treated, most progressive firms had standardized treatment guidelines for quality care for the patient. He said Health Link used a basic guideline, but had modified it internally, and allowances were made in variances in care delivery due to local standards and availability of treatment options and trends. He said the Committee felt this was a vague statement that did not provide any definite information. He said it was felt this would not assist the City in saving costs. He said, at the end of the evaluation, Health Link did not score high enough to be invited back for further consideration.

Dr. Robert Scully, representing Health Alliance as Chief Medical Officer, 102 E. Main Street, Urbana, Illinois, said it was his opinion that the City did not need utilization review, but the City needed someone to review the claims and reduce utilization. He said the best way to do this was to review the population that was being served. He said Health Alliance was a value management company and they looked at how to maximize the interplay of quality, service, and costs. He said some things Health Alliance did could actually increase costs, but it would cut down on the number of people who needed surgery. He stated case and disease management was the best of all possible worlds because it improved the quality of care for patients and lowered their costs by improving their care. He said their firm had a broad staff of nurses and physicians who managed this program. He explained they educated and treated patients who had become ill about how to prevent a second episode, but they also would provide education on how to prevent becoming ill initially. He said the medical management department, the quality improvement department, and the pharmacy department worked together in one way to educate participants to reduce utilization. He said the general population of the participants had to be educated on how to improve their health, and this was conducted by general education programs and one-on-one nurse calls.

Council Member Sandberg requested the information regarding the cost analysis in writing. He expressed concern that more of the verbal information was not provided to the Council in writing prior to the Council Meeting.

In discussion with Council Member Sandberg regarding monthly costs, Director of Human Resources Pat Parsons explained that Health Link's proposal was for \$20.62 per member per month, and Health Alliance's costs were \$21.25 per month per member, which was 63 cents per member more per month or \$10,000 per year more.

Director Parsons pointed out that with a third party administrator, the City also needed stop loss, and he said both Health Alliance and HCH were requested to do a preliminary bid on stop loss. He said the bid from HCH was for \$506,386, and there were eight people who were excluded. He said the bid from Health Alliance was \$426,336, with only one person who would be excluded, which was a difference of \$80,050 per year. He referred to the eight people who would not have been covered through HCH, and he explained the City would be responsible for costs above \$185,000 and up to \$250,000 on each of the eight people. He said the City would pick up an additional \$65,000 per person, per year, of liability before the re-insurance would take over. He added, in some cases, it could go up to as high as \$400,000.

Director Parsons said a review of the difference in the administrative costs between the two and the stop loss would cost the City approximately \$50,000 less per year to go with Health Alliance.

Mr. Jamie Stevenson, representing HCH Administration at 209 Romero Garrett Avenue, Peoria, expressed concern that he did not feel that the stop loss and the re-insurance was part of the RFP process. He requested that those comments be excluded from the conversation. He said the stop loss figures could change significantly between now and the end of the year. He stated HCH had capabilities regarding predictive modeling and software that allowed for analyzing the population at risk and putting them into health classifications so the participants could become better health care consumers. He said HCH was capable of determining which participants were at risk for higher claims over time.

Mr. Stevenson said he appreciated the opportunity to show the Healthcare Committee their integrated approach, and he felt they could bring forward better solutions and bring forward long term solutions for the best health and the best use of City funds. He pointed out their Company was founded over 22 years ago in the City of Peoria. He outlined their commitment to the City of Peoria by their payment of real estate taxes since 1990 in the Southtown Project, by doubling the size of their company and the acquisition of Employee Benefits Corporation, by their employment of over 170 employees with a \$550 million payroll, by their donations to local charities, by completing land improvements and office upgrades over the past year to accommodate their growth, and by committing that they would keep their company's jobs in Peoria.

Mr. Stevenson urged the Council to defer this decision for two weeks or to extend the HCH contract based on the fact that the City had missed their own pre-determined deadline of 120 days from the bid opening, which was June 6, 2004, their price was 22% less, and their objectives were in line with the City's objectives to grow Peoria and promote jobs.

Council Member Thetford expressed concern that the Healthcare Committee Consultant, Mr. William Hembree, was not in attendance this evening. She pointed out the City paid Mr. Hembree approximately \$30,000 per year and the Council was being requested to shift from a current locally-owned business to an out-of-town business. She said this was an unsettling request that needed clarification. She also expressed concern that there were some suggested improprieties during the proposal process and she felt she needed some clarification on those issues. She expressed further concern that the Council was not provided with more information regarding costs prior to the meeting. She added she was not convinced, at this point, that HCH would not be able to control overall long-term disease management.

Council Member Ardis also expressed concern that information was not provided prior to the meeting, and he questioned the time frame that the bids were to be awarded. He said he could support a deferral so more information could be given to the Council in writing.

Corporation Counsel Randy Ray said the time period could become a problem if either of these vendors desired no longer to honor their original proposal. He said, it was his understanding, these vendors both met with the Healthcare Committee on Wednesday to say they both were willing to honor their original proposals. He said, therefore, the 120 day limitation was not an issue.

Council Member Sandberg questioned if there had been any pricing or cost changes submitted in the bids from June 7, 2004, until November 2, 2004.

Director of Human Resources Pat Parson said, during the second presentation, both Health Alliance and HCH indicated they would change their prices, and this offer was at their own option. He said the decision to select Health Alliance was based on their original numbers and before any feedback was provided.

Council Member Sandberg said he felt healthcare was changing direction and focus from a more static horizontal approach to a coordinated multi-lateral approach. He expressed concern that the Council had not held a Policy Session regarding these changes. He said he could not support this issue as presented.

Following further discussion with Council Member Morris, City Manager Randy Oliver said the challenge with healthcare was to manage future potential claims. He referred to the handout from Mr. Hembree, and he pointed out projections that if the current status quo approach was continued, without any additional case management, by 2009 current costs would grow to \$24 million. He said if the City started managing their outcomes, Mr. Hembree projected that costs could be contained to 22.9% or a savings of approximately \$1 million per year, or a total anticipated savings over the five-year period of \$2.7 million. He said it was his understanding that HCH did not offer the same bundle approach in dealing with outcome-based patient management of claims.

Council Member Thetford requested that cost differences be written out information regarding what the actual proposal (RFP) requested and what had transpired since that time. She said she would like an opportunity to discuss the proposal with Mr. Hembree.

Council Member Thetford moved to defer this item for two weeks until the November 16, 2004, Regular City Council Meeting and, during that time, the Council be provided with the proposals and with more specific information regarding cost differences with respect to the proposals, and when this matter was considered in two weeks, that the Consultant, Mr. William Hembree, be in attendance; seconded by Council Member Ardis.

Human Resources Director Pat Parsons said the healthcare plan year began January 1, 2005. He said any delay would make the transition difficult, but they could still do it.

Council Member Sandberg questioned if the consultant would be available on November 16, 2004, and if the motion was contingent on Mr. Hembree being in attendance.

Council Member Thetford said she was not trying to postpone the decision, but she hoped Mr. Hembree could make every effort to be in attendance at the November 16, 2004, Council Meeting.

Director Parsons said he would have to contact Mr. Hembree to determine if he would be available on November 16, 2004.

City Manager Oliver reminded the Council that there would be several items on the Council Agenda for November 16th that could result in lengthy discussions. He said the Council had requested that the November 16th Agenda be kept to a minimum.

Council Member Grayeb said he felt the motion to defer was premature.

Motion to defer this item for two weeks until the November 16, 2004, Regular City Council Meeting and, during that time, the Council be provided with the proposals and with more specific information regarding cost differences with respect to the proposals (RFP's), and when this matter was considered in two weeks, that the Consultant, Mr. William Hembree, be in attendance was approved by roll call vote.

Yeas: Ardis, Nichting, Spears, Teplitz, Thetford, Mayor Ransburg – 6;

Nays: Gulley, Grayeb, Morris, Sandberg, Turner - 5.

**(04-582) Communication from the City Manager and Corporation Counsel
Requesting Authorization to RETAIN HOWARD & HOWARD as Attorneys at
a Cost Not to Exceed \$244,274.00, and RAFTELIS FINANCIAL CONSULTING
for the Appraisal Process at a Cost Not to Exceed \$317,787.00, for the
PURCHASE of the WATERWORKS.**

Council Member Morris moved to authorize the retention of Howard & Howard as attorneys at a cost not to exceed \$244,274.00, and the retention of Raftelis Financial Consulting for the appraisal process at a cost not to exceed \$317,787.00, for the purchase of the Waterworks; seconded by Council Member Grayeb.

Approved by roll call vote.

Yeas: Ardis, Grayeb, Gulley, Morris, Sandberg, Spears, Teplitz, Thetford, Turner,
Mayor Ransburg - 10;

Nays: Nichting - 1.

(04-583) Communication from the City Manager and Corporation Counsel Requesting Authorization for the RETENTION of CLARK-DIETZ, DLZ and MALCOLM PIRNIE, INC. to Perform a Condition Assessment and a Financial Feasibility Analysis, for the PURCHASE of the WATERWORKS, at a Cost Not to Exceed \$170,545.40 through the Purchase Decision in May, 2005.

Council Member Morris moved to authorize the retention of Clark-Dietz, DLZ and Malcolm Pirnie, Inc. to perform a Condition Assessment and a Financial Feasibility Analysis, for the purchase of the Waterworks, at a cost not to exceed \$170,545.40 through the purchase decision in May, 2005; seconded by Council Member Grayeb.

Council Member Sandberg said he would not support the recommendation to approve. He expressed concern regarding the process and he was concerned that there were certain activities which had policy implications or dramatic impact in the process in the future hiring. He said the consultant, in the proposal, was intended to select the operator. He said he felt the Water Selection Committee should be involved in the decisions such as hiring the operator. He said there was no prior discussion and there was no indication of the hiring of an operator being in the proposal except for a minor clause. He said the proposed purchase of the Water Company was too important for the City's future to handle this issue in this manner. He said he was adverse to allowing anyone, who was not elected, to dictate hiring a consultant to hire an operator for the Water Company.

City Manager Randy Oliver said, in the scope of services, the consultant would not actually select an operator. He said there were seven proposals of interest to operate the water system. He explained the purpose was to obtain three or four bids for costs to operate the system so when the Council was faced with the decision whether or not to purchase the system, they would have bonafide prices for the system's operation to consider. He said the costs to operate the water system were best determined by operators, and not by engineers. He said the purpose was to get down to the Council being able to make the best decision possible.

Council Member Sandberg expressed concern that the Council communication was lacking written information for the Council to consider. He pointed out that an agreement was not attached to the Council communication.

City Manager Oliver said hearings were scheduled for January 18 through 20, 2005, for two of the appraisals to be presented, and the third appraiser had 45 days to present their appraisal. Then, he said, after the third appraiser presented their appraisal, the Council would have 60 days to make their decision. He said, assuming the schedule stayed the same, the 60 days would begin on March 5, 2005, and the Council would have to make a decision regarding the purchase of the Water Company by May 5, 2005.

Council Member Sandberg expressed concern that the appraiser was not going to be conducting a study on the infrastructure. He said it was his understanding that the scope of what Clark-Dietz would be doing had changed, but the information had not been provided in the Council communication.

In discussion with Council Member Morris, City Manager Oliver said he would bring back an agreement to the Council, in the amount of \$170,545.50. He said there were some things that needed to begin almost immediately. He said the agreement had been scaled back to meet budgetary and time constraints. He said the components of the agreement regarded the infrastructure assessment, the facilities assessment, the cost for operating the system, and to perform an independent financial assessment to determine if the numbers worked to make a recommendation to the Council to purchase the water system. He added the financial feasibility report would be deferred until after the decision to purchase the water company had been settled.

Hearing no objections, Mayor Ransburg granted Privilege of the Floor to Mr. Terry Kohlbus.

Mr. Terry Kohlbus, Director of Tri-County Regional Planning Commission, 411 Hamilton, discussed the importance of the selection of the contract operator. He said the operator needed to be a high quality operator that would give the public confidence that there was a good competitive cost. He clarified the role of the engineer in the process, and he said there had been no changes in the scope of work. He explained an agreement was not included in the Council communication because he thought the City Manager would have the authority to sign the agreement.

Council Member Spears said he felt the costs should be determined and then the Council would decide whether or not they wanted to purchase the Water Company. He said he did not feel the City should find an operator and then determine whether or not the City would purchase the Water Company.

Mr. Kohlbus explained there were a number of things which the Council needed to know by May 5th so the Council could make a buy-no-buy decision, and the purchase price was only one of those considerations. He said the Council would also need to know the revenue of the system, the operating costs, payment-in-lieu-of-taxes, other costs structures, the principal and interests, etc.

In discussion with Council Member Spears, City Manager Oliver also pointed out that the City would need to know more about the infrastructure, because if any replacements were needed, it would substantially increase the operating costs. He further explained that the engineer was assigned to find out more about the infrastructure. He added the operating agreement would require that all the current employees were retained, and the City would assume the current contractual obligations as they currently existed.

Council Member Grayeb requested that future Council communications be made more clear so that information was easily understood. It was also clarified in discussion that the correct amount was \$170,545.40.

In discussion with Council Member Sandberg, Mayor Ransburg explained the City would not enter into negotiations with potential operators until the point at which the City would decide whether or not to purchase the water system.

Council Member Sandberg expressed concern that a number had already been locked in, but Mayor Ransburg said there would be negotiations with potential operators prior to the decision being made.

City Manager Oliver agreed with Mayor Ransburg, and he said the City would not want to spend the money that would be required to negotiate the contract because there were critical decisions to be made in negotiating the operating decision. He said there were many complexities to consider before the final decision was made.

Motion to authorize the retention of Clark-Dietz, DLZ and Malcolm Pirnie, Inc. to perform a Condition Assessment and a Financial Feasibility Analysis, for the purchase of the Waterworks, at a cost not to exceed \$170,545.40 through the purchase decision in May, 2005, was approved by roll call vote.

Yeas: Ardis, Grayeb, Gulley, Morris, Spears, Teplitz, Thetford, Turner, Mayor Ransburg - 9;

Nays: Nichting, Sandberg - 2.

(04-584) Communication from the City Manager and Finance Director/Comptroller Recommending Approval of the RESOLUTION Placing the PRELIMINARY 2005 OPERATING BUDGET and the PRELIMINARY CAPITAL IMPROVEMENT PROGRAM for 2005-2009 on File in the Office of the City Clerk, and Setting the PUBLIC HEARING for the 2005 BUDGET on November 30, 2004.

Council Member Nichting moved to approve the Resolution placing the Preliminary 2005 Operating Budget and the Preliminary Capital Improvement Program for 2005-2009 on file in the City Clerk's Office, and set the Public Hearing for the 2005 City of Peoria Budget on November 30, 2004, at 6:15 P.M., with a clarification that Special Meetings would be set to hold Budget Hearings on Tuesdays, November 9, 2004, November 23, 2004, and November 30, 2004, beginning at 5:00 P.M. and to hold the Public Hearing for the 2005 City of Peoria Budget on November 30, 2004, at 6:15 P.M., and to hold any related Budget Hearings, as well as items, as needed for passage as required by law; seconded by Council Member Turner.

Council Member Sandberg said he wanted it understood that, if the Budget was not ready for the Public Hearing on November 30, 2004, that the Public Hearing could be moved to a different date after November 30th.

Clerk's Note: The hearings would allow citizen input before the Budget was set and could be opened and adjourned to another date, if necessary.

City Manager Oliver said the notice for the Public Hearing had to be published in the newspaper ten days in advance, so the City needed to meet that requirement, and the deadline for the tax levy to be filed at Peoria County Courthouse.

Motion to approve the RESOLUTION NO. 04-584 placing the Preliminary 2005 Operating Budget and the Preliminary Capital Improvement Program for 2005-2009 on file in the City Clerk's Office, and set the Public Hearing for the 2005 City of Peoria Budget on November 30, 2004, at 6:15 P.M., with a clarification that Special Meetings would be set to hold Budget Hearings on Tuesdays, November 9, 2004, November 23, 2004, and November 30, 2004, beginning at 5:00 P.M. and to hold the Public Hearing for the 2005 City of Peoria Budget on November 30, 2004, at 6:15 P.M., and to hold any related Budget Hearings, as well as items, as needed for passage as required by law was approved by roll call vote.

Yeas: Ardis, Grayeb, Gulley, Morris, Nichting, Spears, Teplitz, Thetford, Turner, Mayor Ransburg - 10;

Nays: Sandberg - 1.

UNFINISHED BUSINESS**(04-558) SITE APPLICATION for CLASS C-5 (Gas Station/Convenience Store) LIQUOR LICENSE at 6203 N. BIG HOLLOW ROAD, Supplemented with a Site Plan and Comments from the Site Plan Review Board, with a Recommendation from the Liquor Commission to Approve. (New Communication)**

A letter was distributed to all members of the City Council from Mr. Joey Watt opposing the approval of the site application to sell liquor at this location.

Council Member Nichting moved to grant Privilege of the Floor to Mr. Joey Watt; seconded by Council Member Grayeb.

Hearing no objections, Mayor Ransburg granted Privilege of the Floor to Mr. Joey Watt.

Mr. Joey Watt, 6312 N. Syler Street, urged the Council to deny the request for liquor to be sold at the proposed location. He said there was already another establishment in the area which sold liquor and he expressed concern regarding how another location would affect the neighborhood. He expressed concern that crime, noise, traffic problems, loitering, and economic decline would increase in the area as a result of an additional liquor establishment in the area.

Council Member Turner said, as Liquor Commissioner, he really had no recommendation other than to deny the request.

Council Member Nichting moved to deny the Site Application for a Class C-5 (gas station/convenience store) Liquor License at 6203 N. Big Hollow Road; seconded by Council Member Grayeb.

Motion to deny the Site Application at 6203 N. Big Hollow Road was approved by roll call vote.

Yeas: Ardis, Grayeb, Gulley, Morris, Nichting, Sandberg, Spears, Teplitz, Thetford, Turner, Mayor Ransburg - 11;

Nays: None.

NEW BUSINESS**ELECTION DAY CALLS Regarding POLLING PLACES and Other Assistance to Citizens**

Council Member Nichting commended City Clerk Mary Haynes' Office Staff for their assistance to citizens who called to determine if they were registered to vote or to find their election polling location. He said, it was his understanding, that the Election Commission's lines were often busy due to their increased call load and heavy voter participation so the City Clerk's Office filled in the gap. He applauded the City Clerk as this was often the kind of service the City Clerk's Office provided to the community.

Council Member Grayeb agreed and thanked the City Clerk's Staff for assisting many of his constituents. He said a number of calls were made to the Election Commission Office on Election Day only to get a busy signal. He suggested the Election Commission may need additional phone lines if voter turnout continued to grow.

City Clerk Mary Haynes thanked Council Member Nichting for his comments and she commended City Manager Randy Oliver, the Information Systems Department, and the Election Commission for the work they performed on the City's Web Site to make the information available so her office could assist citizens in this manner.

ILLINOIS MUNICIPAL LEAGUE WILL ARRIVE in PEORIA to Hold Their LEGISLATIVE COMMITTEE MEETING

City Clerk Mary Haynes announced that the Illinois Municipal League would be holding their Annual Legislative Committee Meeting in Peoria the weekend of November 5 and 6, 2004. She said the Committee indicated they wanted to come to Peoria to because they enjoyed the restaurants, entertainment, shopping, and other amenities. She invited the Council to attend and she thanked the City Council for their support in this State-wide recognition.

(04-585) REQUEST to Reallocate BOND MONEY in the 2005 City of Peoria Budget

Council Member Spears referred to the Special Meeting for a Budget Hearing next week, and he said it was known that the City planned to bond for \$55 million for the Civic Center, the Sears Block had been carried over from previous years, and there were needed repairs to the Civic Center's glass arcade. He requested information regarding what the impact would be if the City reduced the Civic Center's portion of the bonding by 15%, and what the impact would be if it was reduced by 10%. He said he felt the Council should consider moving that portion (the 10% or 15%) of the bond money to the \$2 million from capital expense for the Sears Block and move that \$2 million into drainage, Med-Tech District, the wireless technology, and into sidewalks. He said a request had been made for assistance with the World War II War Memorial and he felt the City should pledge \$1.00 per citizen for this project.

CITIZEN REQUESTS TO ADDRESS THE COUNCIL

(04-586) REQUEST from CITIZENS to Address the CITY COUNCIL Regarding Various Items.

Hearing no objections, Mayor Ransburg granted Privilege of the Floor to those who wished to address the Council.

Ms. Levetta Ricca, 711 S. Greenlawn, President of Olde Towne South Neighborhood Association, thanked Peoria City Beautiful for their donation of flowers planted on Western Avenue. She thanked the City for other improvements to her neighborhood, but expressed concern that more had not been done to improve the neighborhood.

EXECUTIVE SESSION

It was determined that an Executive Session was not needed.

ADJOURNMENT

Council Member Nichting moved to adjourn the Council Meeting; seconded by Council Member Turner.

Approved by viva voce vote.

The Council Meeting adjourned at 8:50 P.M.

