

: OFFICIAL PROCEEDINGS :

: OF THE CITY OF PEORIA, ILLINOIS :

A Special Meeting of the City Council of Peoria, Illinois, was held October 30, 2018, at 6:00 P.M. at City Hall, Council Chambers (Room 400), 419 Fulton Street, with Mayor Ardis presiding, and with proper notice having been posted.

ROLL CALL

Roll Call showed the following Council Members were physically present: Akesson, Cyr, Grayeb, Jensen (Arrived at 6:02 P.M.), Montelongo, Moore, Oyler, Riggenbach, Ruckriegel, Turner, Mayor Ardis – 11. Absent: None.

INVOCATION & PLEDGE OF ALLEGIANCE

Mayor Jim Ardis requested a moment of silent prayer or silent reflection and he asked everyone to keep the families of the victims of the shooting at Tree of Life Congregation Synagogue in Pittsburgh in prayer, along with the Police Officers who were injured. He then led the pledge of allegiance.

PUBLIC HEARINGS

(18-320) PUBLIC HEARING Regarding the Proposed 2019 CITY OF PEORIA REVISED BUDGET.

Council Member Oyler moved to open the Public Hearing regarding the proposed 2019 City of Peoria Revised Budget; seconded by Council Member Ruckriegel.

Motion to open the Public Hearing was approved by roll call vote.

Yeas: Akesson, Cyr, Grayeb, Jensen, Montelongo, Moore, Oyler, Riggenbach, Ruckriegel, Turner, Mayor Ardis – 11;

Nays: None.

Mayor Ardis opened the Public Hearing at 6:03 P.M.

Following a third call for comments from the public, Mayor Ardis determined no one wished to speak, and he requested the Public Hearing be closed.

Council Member Ruckriegel moved to close the Public Hearing regarding the proposed 2019 City of Peoria Revised Budget; seconded by Council Member Oyler.

Motion to close the Public Hearing was approved by roll call vote.

Yeas: Akesson, Cyr, Grayeb, Jensen, Montelongo, Moore, Oyler, Riggenbach, Ruckriegel, Turner, Mayor Ardis – 11;

Nays: None.

Mayor Ardis closed the Public Hearing at 6:04 P.M.

PETITIONS, REMONSTRANCES & COMMUNICATIONS – CITY OF PEORIA

(18-321) Communication from the City Manager and Corporation Counsel with Request for the Following:

- A. APPROVE an Appraisal Assistance CONTRACT with the CEO COUNCIL and ADOPT an ORDINANCE AMENDING the CITY OF PEORIA 2018-2019 BIENNIAL BUDGET Relating to the General Fund to Recognize the Receipt and Expenditure of \$400,000.00* to Assist in the Purchase of the WATERWORKS (Requires a super majority vote); and**
- B. ADOPT a RESOLUTION to PURCHASE the WATERWORKS.**

The following handouts were distributed to the City Council:

- Letter from the CEO Council dated October 26, 2018
- *Revised Appraisal Assistance Contract between the City of Peoria and the CEO Council reflecting the revised \$700,000.00 contract amount.
- Revised Ordinance Amending the City of Peoria 2018-2019 Budget
- Letter from James Schrempp to Joe Conner dated October 29, 2018
- Spreadsheet Regarding Illinois American Water Buyout Community Comments
- American Water Works Company Stock Sheet from January 2009 to August 2018

Mayor Ardis reviewed the process that would be taken to provide opportunity for the public, the CEO Council, the Illinois American Water Company and the City Council to speak on the matter.

City Manager Ulrich reviewed this item stating that Part A was for the approval of the contract from the CEO Council reflecting a revised amount of \$700,000.00 and to adopt an Ordinance to amend the 2018-2019 Biennial Budget to recognize the receipt and expenditure of \$700,000.00 to assist with the due diligence. He said the City had spent a lot of time with the CEO Council to draft the Appraisal Assistance Contract. He reviewed the contract and the conditions set forth in it. He said should the City Council approve the contract, then the CEO would put \$700,000.00 into an account within 30 days and then Illinois American Water would need to be notified by the City of their intent to exercise the option in accordance with its rights under the Ordinance. He reviewed the process for selecting the Appraisal Team and an arbitrator. He reviewed Part B of the Communication stating that the City Council could approve Part B without passing Part A. He said if Part A was approved, then Part B would need to be approved by the Council.

Citizens to Address the City Council Regarding the Water Buyout Option

Hearing no objection, Mayor Ardis granted Privilege of the Floor to those citizens who wished to address the City Council.

Helen King, a concerned citizen, spoke in opposition of purchasing the water company noting her concern that the City would not be able to maintain the current water quality. She remarked on the issues publicly-owned water companies faced. She expressed a concern on how jobs would be impacted should the City purchase the water company. She said Illinois American hired locally and paid a significant amount of taxes and fees, but continued to generously reinvest in the community. She remarked on the City's current budget issue noting that the purchase would be an overbearing debt.

Devon Sydner, a citizen of Peoria, said he was a taxpayer in Council District 5 and expressed a concern on the City embarking on the purchase of the water company. He remarked on the current infrastructure of the City and recent furloughs of employees in light of budgetary constraints.

Jim Schrempf, a municipal law attorney invited by Illinois American Water to speak on this matter, said he previously distributed a letter to all Council Members to review. He offered his opinion on the legality of a municipality starting a water utility service with the idea of making a profit. He said he spoke on this topic at an IML Conference this year. He discussed taxes and franchise fees and how that money could be used.

Karen Wilson, a citizen of Peoria, spoke in opposition of the water company buyout, noting the budget constraints of the City and past investments made by the City. Regarding the water company's rates, she said it was an 11-month process through the Illinois Commerce Commission for the water company to raise the rate. She said there was no plan for lead abatement and she said she did not want the City to make another fiscal mistake.

Doug Johnson, a citizen of Peoria, spoke in favor of the purchase of the water company. He said there were two issues to review noting the profit made by a private company that did not reside in the City of Peoria, nor the State of Illinois. He said an out-of-state corporation should not make decisions about the Peoria community. He said there were a lot of arguments that were meant as a distraction, noting that the City Council was only being asked to accept the money from the CEO Council in order to conduct a study of the water company in order to determine if it was a viable option for the City. He said studies that had been done estimated that Illinois American Water made \$15 million in profits, which was money leaving the City of Peoria.

Martha Ross, a citizen of Peoria and speaking on behalf of the South Side Office of Concern, provided key reasons why the City of Peoria should not pursue the study and/or the option to buy noting there would be a loss of regulatory oversight, loss of revenues and taxes, increased debt service to the City, and a potential doubling in costs for materials for maintenance. She said that the majority of those present at a recent Board meeting were not in favor of the City moving forward with the buyout.

Gale Thetford, an attorney and former Council Member of the City of Peoria, reviewed the history of the water buyout beginning in 1998 and she reviewed the City Council's perspective at that time. She said the City Council had a number of organizations who wanted the pursuit of the due diligence. She remarked how the citizens of Peoria were being overly taxed noting that the City had some of the highest property taxes in the nation. She said this was an opportunity for the City Council to identify a revenue source that could help the City in the long-term. She asked the City Council to review the Water Company and to conduct the due diligence.

Farrell Davies, a representative from the League of Women Voters, urged the City Council to conduct due diligence of the water company. She read a statement made by the League of Women Voters and noted that purchasing the water company would provide for more transparency of the operation, local control of the water rates, local governance, public oversight and provide for competitive rates. She said conducting the due diligence and purchasing the water company would lead to positive outcomes. She commented that the public had a right to transparency of the operation, which was not currently the case. She remarked on the importance of accountability of water treatment and its cost. She stated the importance of knowing the water was being safeguarded and the need for the City Council to get the facts by conducting the due diligence.

Dr. Joseph Khairallah, a concerned citizen, remarked on the due diligence of the water buyout noting it would be a waste of taxpayer's money to go through the process. He said the City did not have the money to buy the water company and he commented on the condition of the City's infrastructure, current City employee layoffs and furloughs, and residents moving out of the City of Peoria.

Pastor Marvin Hightower, a citizen of Peoria, remarked on the water buyout stating it would take 25 years for the City to pay off the purchase and would not immediately address the City's current financial situation. He asked the City Council to vote no on the matter, noting the budget issues the City was facing. He urged the City Council to not pursue the water buyout and to allow Illinois American Water to buy the CSO project, which would alleviate the burden on the citizens of Peoria.

Misty Brooks, a citizen of Peoria, asked the City Council to vote no on the water buyout. She mentioned the employees who worked for Illinois American Water who enjoyed their jobs. She commented on the PAAG issues noting that the City had to pay back approximately \$2 million when PAAG assisted with the due diligence many years ago. In light of the PAAG issue, she said she was concerned with the CEO Council's offer.

Lord Mic St Michaels, Marketing and Communications Director for the Illinois Black Chamber of Commerce, asked the City Council to vote against the water buyout noting there would be a loss of regulatory rates. He said the ICC oversaw the regulation of the rates noting it was an 11-month process that provided for public input. He said the City would lose the taxes paid by the Illinois American Water and the cost of materials to fix the infrastructure had the potential to double. He said Illinois American Water was a good company that provided good union jobs and he commented that Illinois American Water had been a good neighbor to the Illinois Black Chamber of Commerce.

Michael VanCleve, a realtor in the City of Peoria, said there was more value in owning property than there was in renting property. He remarked on the importance of providing the CEO Council the time and consideration that they deserved. He said approximately 85% of communities choose to own their own water company. He remarked on the importance of the City needing to conduct the due diligence with the assistance of the CEO Council.

Joyce Blumenshine, Conservation Co-Chair to the Heart of Illinois Sierra Club, encouraged the purchase of the water company noting that according to an environmental working group there were issues with Peoria's water. She commented on the lack of transparency of IAW noting they did not have to abide by FOIA laws. She said with City ownership, the citizens would be guaranteed more transparency.

Comments by the CEO Council

Joe Waugh, former board member of the CEO Council and current member of the CEO Council Water Committee that further explored the acquisition of the water company, said entering into the contract would allow the City to hire qualified professionals to determine the financials for the water company in order for the City to have the proper information to determine on whether to proceed with the purchase. He said the CEO Council wanted to partner with the City of Peoria in order to draw on member talents to assist the City where appropriate to ensure the City's interests were well represented. He said the fair value of the water company would be

based on current existing facts and not on prior appraisals. He said the rules of order of the past would be renegotiated. He said the CEO Council would provide the City of Peoria financial assistance in a proper manner. He reviewed the process going forward, what it would entail and how the City would determine whether to move forward with the purchase of the water company.

Tom Fliege, Chair of the CEO Council Water Committee, reviewed the process it took to prepare for the due diligence and the public input that had been received. He said due diligence was being strongly recommended by those who had studied the facts. He reviewed the various organizations and businesses that supported the due diligence process. He distributed various handouts and commented on the stock change of IAW, noting the increase in the stock over the last 10 years. He said the citizens of the City of Peoria were paying twice as much for water as the national average. He said the ICC was not working for the citizens of Peoria. He said the City of Peoria would have to protect the citizens of Peoria. He said Peoria was being taken advantage of by a multibillion dollar out-of-state company. He said 25 years after the purchase the City would own the water company. He said the only way the City Council would know if purchasing the water company was a good deal would be to pursue due diligence. He said if it was determined that purchasing the water company was a good idea, then 25 years from now it would become an asset to the community.

Comments by Illinois American Water Company

Roger Goodson, Senior Manager Production and Field Services Western Division at Illinois American Water, said Illinois American Water had been providing water services to the City for 129 years. He reviewed the history of the water company and why the City leaders sold it to IAW. He said ICC was created in 1913 and provided financial oversight of IAW. He reviewed the organizations IAW reported to and who oversaw the operations to ensure they provided proper service. He spoke on IAW's reinvestments noting that over \$200 million had been invested into the system since 2003. He said IAW provided good union jobs, which were made possible in this investment. He commented on the rates noting the average rate was \$40.00 per month and that there was no national average to compare the cost. He said the company was committed to the City and he noted that there was a team that was required to test and maintain every valve in the system. He said municipalities did not have the same requirements or standards that the water company had. He said the water company's community partnerships would go away if the City bought the company. He commented on the CEO Council's offer noting it would not be enough to cover the cost of the due diligence and the cost would filter to the citizens of Peoria. He said tonight was for due diligence only. He urged the City Council to vote against the purchase of the water company, noting the cost in upwards of \$300 million. He commented that a buyout could increase the rates for the customers. He said the revenue the City received from the water company could not apply toward outside costs. He offered for IAW to review the purchase of the CSO and to possibly extend the 1889 Ordinance so the purchase option would be pushed out to a further date. He said a private water system was serving the City well and he urged the City Council to vote against the water buyout and to continue the 129 year partnership.

Discussions Held by the City Council

Council Member Jensen moved to separate the question into two parts as follows:

Item No. 18-321-A-1: Motion to approve an appraisal assistance contract with the CEO Council; and

Item No. 18-321-A-2: Motion to adopt an Ordinance amending the City of Peoria 2018-2019 Biennial Budget relating to the General Fund to recognize the receipt and expenditure of \$700,000.00 to assist in the purchase of the waterworks.

Seconded by Council Member Oyler.

Motion to separate the question was approved by roll call vote.

Yeas: Cyr, Grayeb, Jensen, Montelongo, Oyler, Turner – 6;

Nays: Akesson, Moore, Riggerbach, Ruckriegel, Mayor Ardis – 5.

Council Member Jensen moved to approve an appraisal assistance contract with the CEO Council; seconded by Council Member Oyler.

Motion was DEFEATED by roll call vote. (A supermajority of 8 affirmative votes was needed in order for the item to pass.)

Yeas: Cyr, Grayeb, Jensen, Montelongo, Oyler, Turner – 6;

Nays: Akesson, Moore, Riggerbach, Ruckriegel, Mayor Ardis – 5.

Prior to Corporation Counsel Don Leist offering his opinion that the motion to approve the contract was not successful due to the need for a supermajority vote, Council Member Jensen moved for a substitute motion to adopt an Ordinance amending the City of Peoria 2019 Budget relating to the General Fund to recognize the receipt and expenditure of \$700,000.00 to assist in the purchase of the Waterworks; seconded by Council Member Oyler.

Corporation Counsel Leist said the aforesaid motion was not appropriate, noting that Item No. 18-321-A-1 needed a supermajority, or eight votes, in order to pass. He explained why a supermajority was needed noting that approval of the contract would make the City indebted as of the date of approving the contract. Because of this, he said Item No. 18-321-A-1 needed a supermajority in order to pass.

Council Member Oyler expressed a concern regarding the requirement for a supermajority vote noting that the CEO Council would not make the funds available until 2019. He said even if the City solicited experts, those bills would not be paid in 2018. He said all of the adjustments would go towards the 2019 budget, which he said he believed only required a simple majority or six votes. He expressed a concern that the requirement for a supermajority vote was not discussed prior to the vote.

Council Member Jensen said if the City was obligating itself to expenditures in 2018, then a supermajority vote would be required; however, she said these funds were not obligated nor would be spent until 2019, which would require a simple majority vote. She reviewed the timeline upon the approval of the appraisal assistance contract and the events that would occur subsequent to its approval. She said it was not contemplated that the City would be spending money in 2018 and that the funds were for 2019 expenses. Because of the reasons she outlined, she said a supermajority was not necessary and the vote would pass with a simple majority.

Corporation Counsel Leist reviewed paragraph 3 of the appraisal assistance contract stating that should the contract be approved by the City Council, then the City would be indebted to take prompt action to engage in hiring experts. He remarked on the importance of the City being mindful of 65 ILCS 5/8-1-7. He said by approving the contract, the City would become indebted potentially either to IAW, should the City not buy the water company, or to the CEO Council, should the City decide to buy the water company. Either way, he said the City would become indebted in 2018 without an appropriation. Because of the reasons he outlined, he said it was his opinion that a supermajority vote was required and that the previous motion to approve the appraisal assistance contract had failed.

Council Member Jensen said the City would not be committing itself to buying the water company and the City would not be obligating itself to spend money at this meeting.

At the conclusion of her comments, Council Member Jensen moved to call the question on the substitute motion; seconded by Council Member Montelongo.

Mayor Ardis informed the Council that a motion to call the question was not debatable.

Discussions continued on whether the appraisal assistance contract became effective that day and whether the money would be considered in the 2018-2019 Biennial Budget or the 2019 Budget. Discussions continued regarding the number of votes required for the approval of the contract and whether it was a supermajority or a simple majority.

Corporation Council Leist said that, while it was possible to separate the question for Item No. 18-321-A, it was not possible to make a substitute motion that incorporated the contract without a supermajority because the contract indebted the City without an appropriation.

At the conclusion of the discussion, Corporation Counsel Leist confirmed that the motion to approve the contract with the CEO Council failed due to the lack of a supermajority vote noting that the contract would impact the City's current budget year and, therefore, needed a supermajority vote.

Mayor Ardis said, pursuant to the advice and opinion of Corporation Counsel Leist, the motion failed due to the lack of a supermajority vote, which required eight votes. Because of this, he said Item No. 18-321-A-2 of the motion would be moot.

Council Member Jensen said she did not agree with the opinion of Corporation Counsel Leist and said she challenged the rule of the Chair.

Corporation Counsel Leist said, since part 1-A of the motion failed, then the original motion would be before the City Council for approval.

At the request of Council Member Cyr, City Clerk Beth Ball read that the vote on the motion to approve the appraisal assistance contract with the CEO Council was 6 yeas and 5 nays, and she noted that the title stated a supermajority vote was required.

Mayor Ardis said, since the previous motion failed for lack of a supermajority, the item before the Council was 18-321-A as printed on the agenda.

Council Member Akeson moved to approve an appraisal assistance contract with the CEO Council and adopt an Ordinance amending the City of Peoria 2018-2019 Biennial Budget relating to the General Fund to recognize the receipt and expenditure of \$700,000.00 to assist in the purchase of the Waterworks; seconded by Council Member Jensen.

Council Member Moore commented on the CEO Council's efforts to inform the public and to make the issue more about the Council Members than about the constituents. She remarked on the importance of knowing what something cost prior to making an offer. She commented on the need for IAW to be more transparent when it came to the cost of water; however, she remarked on how the water company gave back to the community. She said her vote would represent the constituents in the First District and their concerns as follows. She said Peoria was not prepared to support additional debt at this time and she said she would not support the due diligence.

Council Member Ruckriegel said no new information had been presented to the City Council and past deadlines were continuously missed throughout the year. He remarked on the process since the beginning of the year and the frustrations of not getting regular updates. He said there was no money available in the budget to pursue this matter, especially in light of the \$2 million settlement owed to PAAG. He said this initiative, if approved as is, would represent the largest taxpayer purchase in modern history. He said this opportunity would come before the City Council in another five years, and because of this, he said he would not support this item.

Council Member Oyler thanked the CEO Council for their commitment and dedication, and he expressed a concern that the requirement was to have a supermajority vote in order to get business done.

Council Member Grayeb remarked on past votes noting this matter had failed in 2005. He said it was the City Council's job to make the best possible decision for their constituents. He said this was not an easy process and that it came before the City Council at the last minute. He said if the City was going to acquire the water system, it would have to have labor with business to sell it to the community. He remarked on the potential price and expressed his concerns on the process for reviewing this item. He said even if the City Council had the votes to conduct the due diligence, the City would not have the votes to acquire the water system. He said IAW would do all it could to stop the due diligence process.

Council Member Riggerbach said he reviewed "fiduciary standard" and "responsible man" and how the decision of the City Council affected everyone in the community. He expressed a concern on the number of variables involved in this matter. He said he was intrigued by municipal ownership, but there were too many issues that was going to impede the City Council from living up to its fiduciary standard. He said the City Council would have the opportunity to review this matter in another five years to determine whether this opportunity would be feasible. He recommended the City Council set the ground work for the upcoming five years and appropriate money in order to conduct the due diligence without the influence of another organization. He remarked on the importance of the City leading the matter. He said the City Council was elected by the citizens and the Council was expected to have the fiduciary standard. He said there were too many unknowns with the PAAG lawsuit and the requirements of the CEO Council's contract.

Council Member Cyr expressed his appreciation to the taxpayers and constituents who had taken the time to contact him on this matter. He commented that nearly 80% of municipalities in the United States owned their own water company. He said IAW was a large corporation making \$16 billion in annual sales with earnings of \$3 billion. He said he believed the taxpayers

should own the water company, but not at any price. He said the City should never run a water company, but rather should engage a separate management entity to run the water company with ownership belonging to the City. He said he wanted to know if there was enough surplus to pay for the bond the City would need in order to buy the water company with enough money left over for the City to address its own infrastructure and budgetary needs. He said this issue was very important to the constituents of the Fifth District, which accounted for over 60% of all the City's revenues in the General Fund from sales taxes, property taxes and business fees. He said he could not go to them again and tell them that the City was going to raise taxes without first investigating all viable options to increase revenues. He said he owed it to the taxpayers and constituents of the Fifth District to support due diligence.

Council Member Montelongo expressed a concern that the City Council did not receive the information from the CEO Council in a timely manner. He said a majority of the City Council wanted to do the due diligence. He expressed a concern with the nearing deadline in which to make a decision and the need to pass the item with a supermajority vote. He said this matter was a concern for the citizens that the City would not do the due diligence in order to see the financials of IAW.

Council Member Jensen expressed a concern that this matter came before the City Council without enough time to review the matter prior to making a decision. She commented that the CEO Council would be able to provide the funds to the City in the 2019 fiscal year versus the 2018 fiscal year in order to bypass the supermajority vote needed to pass the item. She said the City was being asked to explore whether the company had value, determine its revenues, and whether it was feasible to purchase. She said approving the contract would not obligate the City to purchase the water company. She said it was important to determine whether the water company would be a source of revenue for the City in order to keep the City from laying off employees, implementing furloughs, raising taxes and implementing and raising fees. She remarked the importance of the City Council looking for additional revenues. She said she would support the motion to approve the contract with the CEO Council and to pursue the appraisal process.

Mayor Ardis asked Finance Director/Comptroller Scroggins if the City had an opportunity to obtain from the City's Bond Council an opinion of how increasing debit would impact the City. Director Scroggins said he spoke with a financial advisor from Speer Financial. He explained how the City could obtain a \$220-\$00 million bond noting the type, the rating, and the rate at which the City could get the bond. He noted it would require a \$25 million debt reserve issued with the bond. He commented on what it would take in revenues to pay the bonds back, noting the impact, if any, it would have on the City's General Obligation bonds. He remarked if the bonds were not sufficient or if there were other situations the City faced, such as increasing pension costs, he said it could make the bond rating agency review the City's bond rating.

Mayor Ardis commented that obtaining a bond to purchase the water company would not impact the City's General Obligation rating unless there was an outlying factor such as an increase in pensions.

Director Scroggins further discussed the impact of increasing or decreasing water rates would have on the citizens. Should the City incur additional debt, he said the City would need to re-evaluate its situation and may need to bond additional money. He said increasing sewer fees or water bills would create pressures that would impact the City's GO Bonds.

City Manager Urich said the City would need \$28 million per year in order to service the debt and would continue to operate the water system. He said depending on the purchase price, there could be an impact on the citizens.

Mayor Ardis remarked on the issues of the City running the water company. He said the decision was never based on who was operating the water company, but rather, could the City afford the additional pressure. He said the City knew what the water company was appraised for in the past, noting that the process would not be different this time. He said legal costs would increase as well, noting it would be challenged again with additional legal expenses that were not anticipated. He said the City simply could not afford the water company. He expressed his appreciation to the CEO Council for their offer to help with the due diligence. He said should the PAAG lawsuit be dismissed, then he would support the due diligence and the City would have the capability to pay for the due diligence. In conclusion, he said any Council Member at any time had the capability to bring this matter to the City Council at an earlier date for a vote.

Council Member Grayeb commented on the issues of when the City owned the power and gas company many years ago. He said the City of Peoria currently faced large budgetary cuts. He said the City Council had difficulties passing taxes to address issues and he asked whether the City Council would be able to raise the water rates when the need occurred. He commented that the City was already going to have to issue bonds in order to pay a large fine anticipated from the US EPA. He inquired whether the water company impacted the combined sewer overflow (CSO).

City Manager Urich said the water company and the CSO were not directly related. He discussed the potential cost of the settlement agreement with the US EPA and the effects of having the water company assume the CSO issue.

Roger Goodson said the City currently had 14,000 to 15,000 customers on the CSO with the rest on GPSD. In order to determine whether it would be feasible for IAW to purchase the CSO, he said IAW would look at the CSO assets the City owned. He said once IAW purchased those assets, then it could take on the CSO liability. He said there had not been any conversation between the City and IAW regarding this matter; however, he said IAW had recently purchased a CSO in another community and was currently going through the process with the Illinois Commerce Commission.

Discussions were held regarding the City's current debt service, the projected revenues for 2019 and the maximum debt the City could issue. Discussions were held regarding the differences between General Obligation bonds and revenue bonds and how each would affect the City's ratings.

Council Member Ruckriegel expressed a concern regarding the City's pension liability, noting that the City needed to pay its current debts before taking on more debt. He asked what the City's policy was regarding the general reserve fund balance and where that balance currently stood.

Director Scroggins commented that the City's policy regarding the City's operating expenditures was 25%; however, the general reserve fund balance was currently at 4%.

At the conclusion of the discussions, Mayor Ardis said the City Council would vote on Item 18-321-A, and he said according to the opinion of Corporation Counsel Leist, a supermajority vote was needed for it to successfully pass.

Motion to approve an appraisal assistance contract with the CEO Council and adopt an Ordinance amending the City of Peoria 2018-2019 Biennial Budget relating to the general fund to recognize the receipt and expenditure of \$400,000.00 to assist in the purchase of the waterworks was DEFEATED by roll call vote.

Yeas: Cyr, Grayeb, Jensen, Montelongo, Oyler, Turner – 6;

Nays: Akeson, Moore, Riggerbach, Ruckriegel, Mayor Ardis – 5.

In response to Mayor Ardis, Corporation Counsel Leist said Item No. 18-321-B did not require a supermajority vote. He said should the City receive funding for this item, it would be included in the 2019 budget and it would only require a simple majority vote.

City Manager Urich said Item No. 18-321-B required a simple majority vote in order to start the valuation process to purchase the water company. He said should the City Council pass this item, Staff would come back on Monday with an amendment to the proposed 2019 budget for approximately \$1 million in order to do the valuation process.

Council Member Ruckriegel expressed a concern that the City was indebting itself by another million dollars, commenting that the City Council needed to start thinking progressively.

After a brief discussion regarding the cost of doing the due diligence, Council Member Moore said she would be voting no on this matter stating that she would rather see the money go towards building grocery stores in certain areas of the City. She said the City needed to start spending the money on the citizens who had been dealing with deficits for quite some time.

Council Member Oyler said the City would not make progress without a plan. He said it was his fiduciary duty to understand the numbers, noting that the City's current expenses were increasing with decreasing revenues.

Council Member Oyler moved to adopt a Resolution to purchase the waterworks; seconded by Council Member Jensen (this second was later withdrawn).

Council Member Jensen inquired as to the deadline by which this item needed to be settled, and Corporation Counsel Leist said the deadline was Friday, November 2, 2018.

Discussions were held regarding what would happen should the Resolution pass and the CEO Council presented another contract and the number of votes that would be required to pass the contract. It was noted that should the Resolution pass, then another \$1 million would be added to the 2019 budget as an expense. It was discussed that votes for the 2019 budget would take a simple majority vote; however, after January 1, 2019, it would require a supermajority vote in order to amend the 2019 Budget.

Council Member Montelongo asked to grant Privilege of the Floor to Mr. Tom Fliege to address the City Council.

Hearing no objection, Mayor Ardis granted Privilege of the Floor to Mr. Tom Fliege to address the City Council.

Mr. Tom Fliege remarked on the possibility of bringing a new contract to the City Council by Monday, November 5, 2018, should the Resolution to purchase the waterworks be approved. He reviewed the steps that were taken in order to present the current contract to the Council, noting the process had begun in January. He said there were no requirements for repayment unless the City decided to purchase the water company. He said the CEO Council would still

help support the due diligence up until Monday and he said they would be willing to amend the contract.

Discussions were held regarding the deadline in which to consider this item and City Manager Urich said the deadline to make a decision on the water company was November 2, 2018.

Council Member Ruckriegel said it was important to discuss the City's finances first and then discuss a possible purchase or due diligence of the water company. He said in order for the City to balance the budget, there needed to be a new line on the property taxes. He said the City was already talking about assessing fees in order to balance the budget. He said should this item pass, then the City would have to find additional money.

After Council Member Jensen withdrew her second to the motion, Council Member Ruckriegel seconded the motion.

Motion to adopt a Resolution to purchase the waterworks was DEFEATED by roll call vote.

Yeas: Cyr, Montelongo, Oylar – 3;

Nays: Akeson, Grayeb, Jensen, Moore, Riggerbach, Ruckriegel, Turner, Mayor Ardis – 8.

(18-302) Communication from the City Manager and Finance Director/Comptroller with a Request to RECEIVE and FILE a Continued Discussion of the 2019 REVISED BUDGET.

City Manager Urich reviewed the 2019 Budget Presentation dated October 23, 2019. He reviewed the 2019 Revised Budget Total Sources and Uses, Assessed Values and Growth Rate from 2009-2018, Summary Change 2018 Revised budget to 2019 Revised Budget, Key Revenue Estimates 0.2% Increase, New Revenue Recommendations, Expenditure Recommendations, City Population vs. City Employees 1997-2019, 2019 Capital Improvement Program, General Fund, and Top Line Revenue and Expense 2019-2023. He noted that the City recently eliminated 20 positions from the budget and he commented on the impact it had on the different City Departments. He said the total CIP for 2019 was \$34.084 million. He discussed the streetlights line item noting that the City had the opportunity to change the streetlights to LED. He remarked on the General Fund issue noting that the City Council discussed putting \$2 million back into the General Fund each year. He discussed the public safety pension fund costs and how those costs would increase between 2019 and 2023. He said the City Council needed to make additional cuts in the 2023 budget if a revenue stream was not found that grew with the rising rates of public safety pensions. He said the current budget before the City Council was balanced, noting there were still issues in the General Fund.

Discussions were held regarding the Murray Bridge Lighting and how that cost would be shared with East Peoria and Tazewell County, noting it would be a joint project.

Council Member Grayeb commented that in order to balance the budget, if the City did not find additional revenues, it would impact the public safety division of the City. He noted that the cuts were fairly minimized for the Public Works Department and Community Development Department.

City Manager Urich said, with regards to the Public Works Department budget, that certain expenses were shifted to the stormwater utility and sewer funds, which prevented significant cuts in that Department; however, he said there had been significant cuts in the Community Development Department in the past.

Council Member Grayeb asked that the Fire Chief and Police Chief provide a presentation at the November 5, 2018, Special City Council meeting outlining the real time impact the cuts would have on those Departments in order for the City Council to gain a full understanding on how the cuts would affect the City. He also requested a report on how the cuts in the Community Development Department would impact service in the community. He said it was very important that the City Council and their constituents understood how the City would be impacted by the budget cuts.

Council Member Riggerbach reviewed the key revenue estimates noting that parking was down 12.4%. He asked for a report back on how the credit card meters impacted the parking revenues. He also asked for a report on how the budget cuts would impact the Community Development Department and how those cuts would impact housing programs.

Council Member Moore asked Public Works Director Reese to provide a presentation on how decreased personnel impacted revenues in the Parking Division. She said it was originally anticipated that increasing parking personnel would have paid for their salaries along with providing additional revenue.

Council Member Moore asked City Manager Urich to provide a report at the next City Council meeting, assuming there were no Voluntary Separation Initiatives, the demographics of the 22 individuals who would have to be laid off.

In response to Council Member Montelongo's question regarding the consolidation of the Fire Stations on the South Side, City Manager Urich said the cost to build a new Fire Station was \$2.5 million and he said the City would issue bonds in order to pay for the project.

In response to Council Member Oyler's questions regarding the top line revenues and expenses for 2019-2023, City Manager Urich said the proposed budget included suggested changes. He said even with the proposed Public Safety Pension Fee, the City's General Fund would dwindle by 2023. He said the biggest issue for the City Council was the Public Safety Pensions, noting it was a growing cost for which the City had to pay. He said the budget proposed reflected Council's request not to increase property taxes but to include fees. He said if the City Council did not want to implement fees, then the City Council would have to find \$2.9 million in cuts in the budget.

City Manager Urich expressed a concern with replenishing the General Fund along with the rising costs of pensions noting that the City was required to pay the pension costs. He said if the City Council did not want to implement additional taxes and fees, then the City Council would need to find more cuts in the budget.

Council Member Akeson commented on the City's difficulties in its collection rate of taxes and fees and she asked how the City could achieve a better collection rate. She inquired whether the Public Safety Pension Fee could be included on the tax bill in order to achieve better compliance. City Manager Urich said he would discuss putting the Public Safety Pension Fee on the tax bills with the County Treasurer.

In response to Council Member Ruckriegel's request to review the projected revenues and to create a Legal Fund to pay for legal issues, City Manager Urich said Tort Levy Funds were established and funded by property taxes; however, he said the City Council did not provide direction to increase property taxes. Regarding the projected revenues, he said he would ensure that the revenues budgeted were at the appropriate levels.

Mayor Ardis asked that should the City Council have additional questions, those questions be given to the City Manager as soon as possible so he could prepare for next week's meeting.

Council Member Grayeb moved to receive and file a continued discussion of the 2019 Revised Budget; seconded by Council Member Ruckriegel.

Approved by roll call vote.

Yeas: Akeson, Cyr, Grayeb, Jensen, Montelongo, Moore, Oyler, Riggerbach, Ruckriegel, Turner, Mayor Ardis – 11;

Nays: None.

Mayor Ardis expressed his appreciation to all Staff members present and their efforts they had made in the City's budget.

CITIZENS' OPPORTUNITY TO ADDRESS THE CITY COUNCIL/TOWN BOARD

Hearing no objection, Mayor Ardis granted Privilege of the Floor to those citizens who wished to address the City Council.

Rhonda Sexton, President of AFSCME Local 3464 representing the employees of the City of Peoria, spoke with regards to the 2019 budget. She said in the past AFSCME employees made concessions to help close the budget deficits. She noted that the proposed budget anticipated a reduction of 23 full-time employees, which would affect the citizens of Peoria. She said the City needed to explore additional ways to balance the budget by increasing revenues.

Mary Hayes, a citizen of Peoria, discussed her her candidacy for the At-Large City Council seat, stating it was her duty to represent the citizens of Peoria.

Gale Thetford, a concerned citizen, remarked on the discussions and votes held during the water company item. She expressed her opinion on Robert's Rules of Order that was utilized during the Council Meeting. She discussed the issues that came from the due diligence conducted on the water company in 1998 and the current PAAG lawsuit, noting that a similar lawsuit could not be filed against the City. She said accepting the CEO Council's contract to conduct the due diligence of the water company was a lost opportunity for the City. She expressed a concern regarding the City's financial state and said she hoped the City Council could find a long-term plan that did not include implementing and raising new taxes and fees.

EXECUTIVE SESSION

It was determined that an Executive Session was not needed at this time.

ADJOURNMENT

Council Member Grayeb moved to adjourn the Special City Council Meeting; seconded by Council Member Ruckriegel.

Approved by roll call vote.

Yeas: Akeson, Cyr, Grayeb, Jensen, Montelongo, Moore, Oyler, Riggerbach, Ruckriegel, Turner, Mayor Ardis - 11;

Nays: None.

The Special City Council Meeting was adjourned at 10:41 P.M.

A handwritten signature in cursive script that reads "Beth Ball". The signature is written in black ink and is positioned above a horizontal line.

Beth Ball, MMC, City Clerk
City of Peoria, Illinois

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