

: OFFICIAL PROCEEDINGS :

: OF THE CITY OF PEORIA, ILLINOIS :

A Special City Council Meeting of Peoria, Illinois, was held November 12, 2015, at 6:03 P.M., at City Hall, Council Chambers, 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, Grayeb, Jensen, Johnson, Montelongo, Moore, Riggenschach, Spain, Turner, Mayor Ardis – 10. Absent: None.

INVOCATION & PLEDGE OF ALLEGIANCE

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

PETITIONS, REMONSTRANCES & COMMUNICATIONS – CITY OF PEORIA

PUBLIC HEARINGS

(15-367) PUBLIC HEARING Regarding the Proposed PROPERTY TAX INCREASE for the City of Peoria, Illinois.

Council Member Spain moved to open the Public Hearing regarding the proposed property tax increase for the City of Peoria; seconded by Council Member Grayeb.

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

Yeas: Akesson, Grayeb, Jensen, Johnson, Montelongo, Moore, Riggenschach, Spain, Turner, Mayor Ardis – 10;

Nays: None.

Mayor Ardis opened the Public Hearing at 6:05 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 Jensen left the meeting at 6:06 P.M.

Council Member Spain moved to close the Public Hearing regarding the proposed property tax increase for the City of Peoria; seconded by Council Member Turner.

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

Yeas: Akesson, Grayeb, Johnson, Montelongo, Moore, Riggenschach, Spain, Turner, Mayor Ardis – 9;

Nays: None;

Mayor Ardis closed the Public Hearing at 6:06 P.M.

UNFINISHED BUSINESS (Including but not limited to motions to reconsider items, if any, from the previous Regular Business Meeting)

(15-016) Communication from the City Manager and the Finance Director/Comptroller with a Request for Continued Discussion Regarding the 2016-2017 CITY OF PEORIA BIENNIAL BUDGET.

City Manager Urich distributed a memo entitled "Budget Report Backs from November 10, 2015," and a presentation entitled "2016 – 2017 Budget Report Back."

City Manager Urich reviewed the memo, which summarized the recommendations from the City Council. He said the Council wanted to dedicate an additional \$4 million towards roads. He said Staff identified five revenue options for road funding. He remarked that the Illinois Statutes provided for a section in the Municipal Code for a specific street and bridge levy. Because the City of Peoria was a home rule city, he said there was no limit on the dollar amount the City could levy. He said this option would provide a dedicated funding source. He said in order to fund the full amount, the City's tax rate would need to increase by \$0.20.

City Manager Urich reviewed a second option wherein the City could issue \$10 million in bonds, one in 2016 and one in 2017, in order to front load \$20 million of road construction into the next two years.

Council Member Jensen returned to the meeting at 6:11 P.M.

City Manager Urich continued to review the debt service option noting the City would pay principal and interest costs in the amount of \$1.2 million per year. With the impending combined sewer overflow issues, he said Staff did not recommend issuing a debt service for roads at this time.

City Manager Urich reviewed a third option, licensing all motor vehicles in the City. He said there was roughly 195,000 vehicles inside the City. He reported that \$25.00 per vehicle would generate \$4.88 million of revenue for roads. He remarked that the main disadvantage of this option was the high administrative costs; however, he said it would provide a dedicated funding source. He reviewed a survey involving 13 different municipalities, noting sticker fees ranged from \$5.00 to \$136.00 per sticker for cars. He remarked that the law provided a discount for senior citizens. He reviewed the cost for motorcycles and the cost for trucks. He said this option was reviewed at the request of Council Member Jensen and Council Member Akeson. He noted that Council Member Akeson provided an article entitled "Suburban Towns Peeling Off Vehicle Sticker Programs," which was attached to the memo he previously distributed.

City Manager Urich reviewed a fourth option increasing hotel taxes and motor vehicle licenses. The option provided for a 3.0% increase in the hotel tax with a decreased fee for motor vehicle licensing. He remarked that 3.0% would generate \$1.2 million in revenues and the license registration would generate approximately \$3.5 million. He reported that the disadvantage regarding increased revenue from the hotel taxes was that it would not be directly linked to roads and a future Council could divert those funds for other needs.

City Manager Urich reviewed a fifth option to increase the Home Rule Sales Tax by 0.25%. The disadvantage of this option, he said, was that the revenue generated would not be dedicated to road funding and could be diverted by a future Council; however, he said the tax would generate \$3.8 million.

City Manager Urich said Staff recommended establishing a Street and Bridge Levy at \$2 million for 2015 payable in 2016, and to establish a Debt Service Extension Levy of \$2 million. He said doing these two things would generate \$4 million additional revenue for streets and roads. He said should the General Assembly decide not to enact a property tax freeze, the City could abate all debt service property taxes and increase the Street and Bridge Levy to ensure approximately \$4 million.

City Manager Urich reviewed report backs requested by the City Council regarding the impact of hotel taxes and room occupancy, evaluation of rental properties for the rental registration rebates, and how the Special Service Area could be used to plan for specific road and infrastructure projects.

City Manager Urich reviewed the process for a Truth in Taxation, noting the City already held a Public Hearing regarding a possible property tax increase.

Council Member Turner inquired, should the City implement car stickers, would it create an opportunity to handle garbage fees in-house in order to reduce costs; and City Manager Urich responded that could be a possibility. However, he said the City was still looking at working with the County and putting the garbage fee on the property tax bill.

Council Member Moore remarked on the car stickers noting it would create an additional burden on citizens who had difficulty buying the license plate sticker and gas to go to work. She said she would not be in favor of the car stickers.

Council Member Akeson said she would be in favor of the sticker program, noting it was an easy way to generate \$4.8 million to apply towards the roads. She remarked that sticker costs could always be decreased once the roads had been addressed.

Council Member Jensen said there were people who used the streets who did not pay property taxes. She said she would be in favor of a vehicle sticker fee. She said it would bring in a fair amount of money, and she noted that the citizens wanted the City to address road issues. She said she would like to see a program established that would provide discounts to those at a certain income level. Despite the negatives, she said she was still supportive of the sticker option.

City Manager Urich said in response to Council Member Grayeb that combining a proposed Street and Bridge Property Tax and a bond issuance would round out the City's budget; however, it would not prevent a need for a sales tax increase. He said the operating budget needed the sales tax increase.

Council Member Grayeb said enforcement of the sticker program would be difficult and costly, and he said he opposed implementing that program.

Council Member Spain said once a new revenue stream was started, it was unlikely to go away. He said he opposed a sticker program, which would create a disincentive to live within the City.

Council Member Riggerbach said the sticker program would provide a good revenue stream; however, enforcement of the program had not been developed. He said he would be supportive of a real estate tax increase and an increase in a tax service levy.

Council Member Moore remarked that there was no public input on the vehicle sticker option, and she recommended giving citizens the opportunity to weigh in on this matter.

Council Member Grayeb left the meeting at 6.51 P.M.

Council Member Turner remarked that the Council needed to consider other taxing bodies and to be mindful of the effect additional taxes would have on the citizens of Peoria.

Discussions were held regarding the Budget Challenge and the National Citizen Survey and what the citizens wanted in terms of generating additional revenues to address the needs of the City.

Council Member Jensen moved that the City Manager move forward with including vehicle sticker tax in the 2016-2017 Biennial Budget; seconded by Council Member Akeson.

Motion failed by roll call vote.

Yeas: Akeson, Jensen, Montelongo – 3;

Nays: Johnson, Moore, Riggerbach, Spain, Turner, Mayor Ardis – 6.

Discussions were held as to whether the City Council wanted to put an additional \$4 million in road funding and for the City Manager to develop an option to fund the same.

Mayor Ardis said there was a discussion to put more money into roads, but there was not a vote as to how much money.

Council Member Akeson moved to allocate an additional \$4 million to road funding, and this would be in addition to the \$7 million that was already budgeted to maintain the roads in their current state.

City Manager Urich remarked that the proposed budget included additional MFT money to address the roads. He said Staff researched what an additional \$4 million would do for the roads, but he said Council needed to find a revenue source.

Seconded by Council Member Moore.

Council Member Montelongo expressed a concern that the Council was trying to finalize a budget for road funding without enough information, and he asked whether discussions could continue in the first quarter of 2016. He said he was in favor of a motor vehicle sticker fee option to generate additional revenue.

City Manager Urich said the issue with holding off further discussions until the first quarter of 2016 is that it would preclude the Council from implementing a property tax increase until 2017. He said a tax levy needed to be established now for 2016; however, should the Council determine it wanted an alternative revenue source, then the matter could be deferred until the first quarter of 2016. He remarked that any increase in sales tax would not occur until July 1. In summary, he said if the Council was going to use property taxes to fund roads, then a decision needed to be made before the first of the year.

For the reasons stated by City Manager Urich, Council Member Moore remarked that was why she seconded the motion. She said no one knew what the State was going to do about a property tax freeze. She remarked that the City had not increased property taxes for 20 – 25 years. She said if Council wanted to improve the City's infrastructure and get ahead of the General Assembly's potential property tax freeze, the Council needed to approve a tax increase.

Discussions were held regarding the funding of roads and the money the City received from MFTs, both state and local, from PUUATS, and from Jurisdictional Transfers. Discussions were held regarding road projects, and it was noted that Glen Avenue was rated the worst road in Peoria County. It was discussed that Glen Avenue was considered a County road, not a City road.

City Engineer/Assistant Public Works Director Scott Reise provided an overview of how additional revenues dedicated towards the streets would impact the City streets.

Discussions continued about the various funds that could be used for road funding, noting MFT funds.

Council Member Spain said it was important for Council to understand where it stood regarding CSO issues and infrastructure projects, and what projects would come out of stormwater utility. He said it was important to know about what other projects impacted spending on road improvements.

Mayor Ardis said any votes taken would be advisory votes for direction for the City Manager. He expressed a concern that the Council wanted to spend \$7.5 million, but was unable to define a revenue source or had not contemplated a reduction in the work force. He said he did not like that idea of delaying the budget past the first of the year.

Council Member Jensen said she supported raising revenues for road improvements, but she said she had reservations about raising property taxes.

Motion to allocate an additional \$4 million to road funding along with a comparable revenue source was approved by roll call vote.

Yeas: Akesson, Jensen, Johnson, Moore, Riggerbach, Mayor Ardis – 6;

Nays: Montelongo, Spain, Turner – 3.

Mayor Ardis said Staff would continue to refine the budget and incorporate the rest of the recommendations to bring back to the City Council. He remarked that the Council should give some consideration to the debt extension to protect the City from a potential tax freeze.

Council Member Akeson expressed a concern for budgeting future road maintenance and the potential for unintended future costs.

Council Member Riggerbach moved to provide direction to the City Manager to incorporate the Debt Service Extension Levy in the budget in the amount of \$2 million; seconded by Council Member Johnson.

City Manager Urich said, in response Council Member Spain, that a property tax freeze would be enacted in 2017 if it was passed by the General Assembly. He said the reason Staff was proposing a tax levy service now was so it would be in place prior to a freeze. He said the City would not be able to raise taxes should the freeze go into effect. He said the City needed to have its levy in place on January 1, 2016, in order to have insurance that the levy was in place should the freeze occur.

City Manager Urich, said in response to Council Member Jensen, that increasing property taxes would not impact the City's credit rating.

Motion to provide direction to the City Manager to incorporate the Debt Service Extension Levy in the budget in the amount of \$2 million was approved by roll call vote.
Yeas: Akeson, Jensen, Johnson, Moore, Riggerbach, Turner, Mayor Ardis – 7;
Nays: Montelongo, Spain – 2.

City Manager Urich said there was no recommendation to increase the utility tax, noting the City's utility tax was currently at 3.5%

Council Member Montelongo left the Council Meeting

Council Member Spain moved to receive and file the continued discussions regarding the 2016-2017 City of Peoria Biennial Budget; seconded by Council Member Akeson.

Approved by roll call vote.
Yeas: Akeson, Jensen, Johnson, Moore, Riggerbach, Spain, Turner, Mayor Ardis – 8;
Nays: None.

CITIZENS' OPPORTUNITY TO ADDRESS THE CITY COUNCIL/TOWN BOARD

Hearing no objection, Mayor Ardis granted Privilege of the Floor to those citizens wishing to address the City Council/Town Board.

Mr. Marcus Fogliano, an interested citizen, remarked that he would be opposed to vehicle stickers and that he would lobby legislative about property tax funding.

Council Member Montelongo returned to the meeting.

EXECUTIVE SESSION

Consideration of a Motion to enter into EXECUTIVE SESSION to 2(c)(1) The appointment, employment, compensation, discipline, performance, or dismissal of specific employees of the public body, including hearing testimony on a complaint lodged against an employee to determine its validity; 2(c)(3) The selection of a person to fill a public office, as defined in the Open Meetings Act, including a vacancy in a public office, or the discipline, performance or removal of the occupant of a public office; 2(c)(21) Discussion of minutes of meetings lawfully closed under this Act, whether for purposes of approval by the body of the minutes or semi-annual review of the minutes as mandated by Section 2.06.

Council Member Turner moved to enter into an Executive Session to Discuss 2(c)(1) The appointment, employment, compensation, discipline, performance, or dismissal of specific employees of the public body, including hearing testimony on a complaint lodged against an employee to determine its validity; 2(c)(3) The selection of a person to fill a public office, as defined in the Open Meetings Act, including a vacancy in a public office, or the discipline, performance or removal of the occupant of a public office; 2(c)(21) Discussion of minutes of meetings lawfully closed under this Act, whether for purposes of approval by the body of the minutes or semi-annual review of the minutes as mandated by Section 2.06; seconded by Council Member Moore.

Approved by roll call vote.

Yeas: Akeson, Jensen, Johnson, Montelongo, Moore, Riggenbach, Spain, Turner,
Mayor Ardis – 9;

Nays: None.

ADJOURNMENT

Council Member Turner moved to adjourn the Special City Council Meeting; seconded by Council Member Moore.

Approved by roll call vote.

Yeas: Akeson, Jensen, Johnson, Montelongo, Moore, Riggenbach, Spain, Turner,
Mayor Ardis – 9;

Nays: None.

The Special City Council Meeting adjourned at 7:47 P.M.



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