

**Council Report Backs**  
2022 2023 Budget Questions – Part 4

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|   |                                |   |
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| <b>Question 1</b><br>Overtime – Overtime usage by all departments | <b>Question From</b><br>Jensen | <b>Answer From</b><br>Finance<br>City Manager |
|---|--------------------------------|---|

During the last Council Meeting, Council was provided with the breakdown of overtime use by the Fire Department. Below is the overtime costs for every department that had any since 2018.

|                      | Human Resources | Finance   | Legal    | IT           | ECC           |
|----------------------|-----------------|-----------|----------|--------------|---------------|
| <b>2021 Estimate</b> | \$ 30,000.00    | \$ -      | \$ -     | \$ 49,243.00 | \$ 600,000.00 |
| <b>2020</b>          | \$ 17,567.83    | \$ 93.42  | \$ -     | \$ 23,360.78 | \$ 776,096.84 |
| <b>2019</b>          | \$ 28,501.43    | \$ 212.80 | \$ 29.27 | \$ 16,673.16 | \$ 611,967.35 |
| <b>2018</b>          | \$ 50,210.35    | \$ 171.64 | \$ -     | \$ 11,191.12 | \$ 576,468.81 |

|                      | Community Dev. | Police          | Fire            | Public Works  |
|----------------------|----------------|-----------------|-----------------|---------------|
| <b>2021 Estimate</b> | \$ -           | \$ 2,291,334.00 | \$ 2,084,402.00 | \$ 271,490.00 |
| <b>2020</b>          | \$ 1,656.23    | \$ 2,857,705.84 | \$ 1,614,646.23 | \$ 294,603.69 |
| <b>2019</b>          | \$ 5,878.71    | \$ 2,844,169.98 | \$ 646,582.51   | \$ 607,138.91 |
| <b>2018</b>          | \$ 374.96      | \$ 2,505,635.87 | \$ 1,139,426.63 | \$ 392,805.46 |

|   |                                    |   |
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| <b>Question 2</b><br>20 parcels used in the analysis of revenue increases | <b>Question From</b><br>Ruckriegel | <b>Answer From</b><br>Finance<br>City Manager |
|---|------------------------------------|---|

Per council request, attached is the breakdown of the parcels including their council district, equalized assessed value, and their fees and taxes for the years discussed.

| City District | Assessed Value | SW Billable Rate | 2018 SW Rate | 2019 SW Rate | 2020 SW Rate | 2021 SW Rate | 2019 PF Rate | 2020 PF Rate | 2021 PF Rate | 2019 PT Bill | 2020 PT Bill | 2021 PT Bill | 2019 Total | 2020 Total | 2021 Total |
|---------------|----------------|------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|------------|------------|
| 1             | \$ 5,380.00    | 2.3              | \$20.70      | \$20.70      | \$27.60      | \$34.50      | \$25.00      | \$30.00      | \$35.00      | \$220.43     | \$257.18     | \$268.25     | \$266.13   | \$314.78   | \$337.75   |
| 1             | \$ 6,890.00    | 1.9              | \$17.10      | \$17.10      | \$22.80      | \$28.50      | \$25.00      | \$30.00      | \$35.00      | \$273.30     | \$308.74     | \$320.43     | \$315.40   | \$361.54   | \$383.93   |
| 1             | \$ 2,920.00    | 1.5              | \$13.50      | \$13.50      | \$18.00      | \$22.50      | \$25.00      | \$30.00      | \$35.00      | \$313.65     | \$285.55     | \$296.69     | \$352.15   | \$333.55   | \$354.19   |
| 1             | \$ 10,280.00   | 2.4              | \$21.60      | \$21.60      | \$28.80      | \$36.00      | \$25.00      | \$30.00      | \$35.00      | \$315.02     | \$350.06     | \$361.51     | \$361.62   | \$408.86   | \$432.51   |
| 2             | \$ 7,360.00    | 1.2              | \$10.80      | \$10.80      | \$14.40      | \$18.00      | \$25.00      | \$30.00      | \$35.00      | \$301.94     | \$336.55     | \$346.40     | \$337.74   | \$380.95   | \$399.40   |
| 2             | \$ 45,570.00   | 2.7              | \$24.30      | \$24.30      | \$32.40      | \$40.50      | \$25.00      | \$30.00      | \$35.00      | \$675.73     | \$707.95     | \$707.01     | \$725.03   | \$770.35   | \$782.51   |
| 2             | \$ 25,990.00   | 3.1              | \$27.90      | \$27.90      | \$37.20      | \$46.50      | \$30.00      | \$40.00      | \$50.00      | \$385.96     | \$404.21     | \$409.43     | \$443.86   | \$481.41   | \$505.93   |
| 2             | \$ 61,840.00   | 3.2              | \$28.80      | \$28.80      | \$38.40      | \$48.00      | \$30.00      | \$40.00      | \$50.00      | \$892.41     | \$894.84     | \$889.17     | \$951.21   | \$973.24   | \$987.17   |
| 3             | \$ 159,600.00  | 33.9             | \$305.10     | \$305.10     | \$406.80     | \$508.50     | \$30.00      | \$40.00      | \$50.00      | \$1,707.41   | \$1,736.38   | \$1,983.66   | \$2,042.51 | \$2,183.18 | \$2,542.16 |
| 3             | \$ 16,610.00   | 3.2              | \$28.80      | \$28.80      | \$38.40      | \$48.00      | \$30.00      | \$40.00      | \$50.00      | \$438.14     | \$439.00     | \$446.27     | \$496.94   | \$517.40   | \$544.27   |
| 3             | \$ 25,220.00   | 2.4              | \$21.60      | \$21.60      | \$28.80      | \$36.00      | \$25.00      | \$30.00      | \$35.00      | \$443.55     | \$474.23     | \$479.18     | \$490.15   | \$533.03   | \$550.18   |
| 3             | \$ 10,700.00   | 3.7              | \$33.30      | \$33.30      | \$44.40      | \$55.50      | \$25.00      | \$30.00      | \$35.00      | \$216.00     | \$252.00     | \$264.00     | \$274.30   | \$326.40   | \$354.50   |
| 4             | \$ 47,660.00   | 2.5              | \$22.50      | \$22.50      | \$30.00      | \$37.50      | \$25.00      | \$30.00      | \$35.00      | \$700.63     | \$732.05     | \$730.41     | \$748.13   | \$792.05   | \$802.91   |
| 4             | \$ 33,960.00   | 5.8              | \$52.20      | \$52.20      | \$69.60      | \$87.00      | \$30.00      | \$40.00      | \$50.00      | \$540.34     | \$574.54     | \$577.03     | \$622.54   | \$684.14   | \$714.03   |
| 4             | \$ 37,130.00   | 3.0              | \$27.00      | \$27.00      | \$36.00      | \$45.00      | \$25.00      | \$30.00      | \$35.00      | \$619.23     | \$611.02     | \$612.52     | \$671.23   | \$677.02   | \$692.52   |
| 4             | \$ 86,080.00   | 11.5             | \$103.50     | \$103.50     | \$138.00     | \$172.50     | \$30.00      | \$40.00      | \$50.00      | \$998.14     | \$988.80     | \$963.73     | \$1,131.64 | \$1,166.80 | \$1,186.23 |
| 5             | \$ 44,750.00   | 3.1              | \$27.90      | \$27.90      | \$37.20      | \$46.50      | \$30.00      | \$40.00      | \$50.00      | \$675.96     | \$698.50     | \$697.30     | \$733.86   | \$775.70   | \$793.80   |
| 5             | \$ 575,000.00  | 64.0             | \$576.00     | \$576.00     | \$768.00     | \$960.00     | \$200.00     | \$250.00     | \$300.00     | \$6,740.95   | \$6,677.74   | \$6,437.53   | \$7,516.95 | \$7,695.74 | \$7,697.53 |
| 5             | \$ 85,040.00   | 4.1              | \$36.90      | \$36.90      | \$49.20      | \$61.50      | \$30.00      | \$40.00      | \$50.00      | \$1,145.13   | \$1,115.16   | \$1,092.93   | \$1,212.03 | \$1,204.36 | \$1,204.43 |
| 5             | \$ 80,350.00   | 5.5              | \$49.50      | \$49.50      | \$66.00      | \$82.50      | \$30.00      | \$40.00      | \$50.00      | \$1,131.15   | \$1,107.50   | \$1,096.40   | \$1,210.65 | \$1,213.50 | \$1,228.90 |

| <b>Question 3</b>                     | <b>Question From</b> | <b>Answer From</b> |
|---------------------------------------|----------------------|--------------------|
| Western Avenue – State project update | Grayeb               | Public Works       |

According to IDOT, the Western Avenue project from Lincoln to Farmington Road is in the Multi Year Plan and that the design will not start until after 2023.

|   |                                |                                    |
|---|--------------------------------|------------------------------------|
| <b>Question 3</b><br>Standard and Poor’s Credit Analysis of Peoria - 2021 | <b>Question From</b><br>Grayeb | <b>Answer From</b><br>Public Works |
|---|--------------------------------|------------------------------------|

Standard and Poor’s recently revised their outlook on our General Obligation debt to stable from negative. They affirmed the City’s long-term rating on General Obligation debt at “A+.”

The report is attached to this Report Back. Several highlights of the report include:

- Because of the COVID-19 pandemic, officials projected a possible \$25 million revenue loss in fiscal 2020. However, management took significant, and successful, expenditure cuts midyear, resulting in the city’s revenue variances coming in much better than projected, leading to a \$5.2 million surplus. As a result, we believe the city’s fund balance is now in a stable position, given further surplus projections for fiscal 2021.
- *Downside Scenario*
  - We could lower the rating if the city were to inadequately fund long-term commitments, particularly pensions, such that it suggests credit quality is compromised sufficiently to warrant a lower rating. Such evidence might include chronic or material underfunding of police and firefighter pension funds related to Illinois' statutory requirements, or management's inability to fund growing pension costs while meeting current-year operating and capital needs. Additionally, if the city were to experience general fund drawdowns, a lower rating is likely.
- *Upside scenario*
  - We could raise the rating if management were to demonstrate a consistent current-year structurally balanced budget while managing accelerating pension costs and achieving material pension-funding gains. Due to the plans' current funding, coupled with the presence of a very large OPEB liability, management would likely need to sustain significant funding gains during multiple years before we consider raising the rating.
- *Volatile revenue stream significantly outperformed midyear projections in fiscal 2020, resulting in budgetary performance and flexibility returning to strong levels*
  - We view the city's revenue structure as volatile, and this was our primary reason for placing the rating on negative; however, management produced a \$5.3 million general fund surplus, due to positive revenue variances and eliminating various expenditures. The general fund revenue stream includes:
    - State sales taxes (26%);
    - Home-rule sales taxes (24%);
    - State income taxes (12%);
    - Hotel, motel, and amusement taxes (11%); and
    - Service charges, fees, and fines (9%).
  - These revenue streams account for 82% of general fund revenue, not including other smaller volatile revenue streams. We note property taxes generate only 0.37% of the general fund budget.
- *Weak pension profile with significant unfunded liabilities we believe will result in rising pension costs*

- We consider pension and OPEB liabilities a budget pressure for the city because it has exposure to large unfunded liabilities and elevated fixed costs we expect will likely continue to increase, despite additional contributions.
- In particular, Peoria's two single-employer, defined-benefit, public-safety pension plans are poorly funded, which, coupled with actuarial assumptions and methods that defer costs, suggests fixed costs will likely continue to increase. If not proactively managed, this could increasingly pressure operations and lead to credit deterioration.
- The city funds retiree health care benefits on a pay-as-you-go basis, exposing it to some inflationary cost pressure.

|  |                             |  |
|--|-----------------------------|--|
| <p><b>Question 5</b><br/>                 Budget Motions</p> | <p><b>Question From</b></p> | <p><b>Answer From</b><br/>                 Finance<br/>                 City Manager</p> |
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The following list includes budget motions for tomorrow November 2, 2021. Staff will have the motions with the corresponding budget detail included sent out via separate cover tomorrow.

- A motion to Amend the proposed City of Peoria 2022-2023 BIENNIAL BUDGET for an Additional \$345,750 for a police multipurpose response and rescue vehicle paid with an increase in bond proceeds of \$195,750, asset forfeiture revenues of \$110,000 and a reduction of the police technology project by \$40,000;
- A motion to Amend the proposed City of Peoria 2022-2023 BIENNIAL BUDGET for an Additional \$15,000 donation from PMP Fermentation and the corresponding expense for the purchase of Hazmat equipment and gear;
- A motion to Amend the City of Peoria 2022-2023 BIENNIAL BUDGET for an additional \$125,000 in both 2022 and 2023 for the use of the Illinois Department of Commerce and Economic Opportunity Grant funds for the Mayor’s Youth Program and corresponding expenses:  
**(waiting on final word from DCEO)**
- A motion to Amend the proposed City of Peoria 2022-2023 BIENNIAL BUDGET for an Additional \$238,000 for completion of the Rock Island Trail from Park to Harvard.