

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

A Special Meeting of the City Council of Peoria, Illinois, was held October 16, 2018, at 6:00 P.M., at City Hall, Council Chambers (Room 400), 419 Fulton Street, with Mayor Jim 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, Moore, Oyler, Riggerbach, Ruckriegel, Mayor Ardis –9. Absent: Montelongo, Turner - 2.

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

(18-185) Communication from the City Manager and Corporation Counsel with a Request to RECEIVE and FILE an Appraisal Assistance AGREEMENT with the CEO COUNCIL

City Manager Urich provided an overview of the proposed Appraisal Assistance Agreement with the CEO Council regarding the water company buyout. He stated a Special City Council Meeting would be held on October 30, 2018, to discuss and vote on conducting due diligence of the water company buyout, noting that the City Council needed to provide notice to the water company no later than November 1, 2018.

Council Member Jensen moved to receive and file an Appraisal Assistance Agreement with the CEO Council; seconded by Council Member Oyler.

In response to Council Member Cyr's question, Corporation Counsel Leist stated language could be included in the agreement stating individuals from the CEO Council were prohibited from taking legal action against the City of Peoria if the City would decide not to pursue the purchase of the water company.

Council Member Jensen moved to grant Privilege of the Floor to Tom Fliege, Chairman CEO Council's Committee, who wished to comment on the matter.

Hearing no objections, Mayor Ardis granted Privilege of the Floor to Tom Fliege for comments.

Tom Fliege, Chairman of the CEO Council's Committee spoke regarding the CEO Council's \$400,000 offer to conduct due diligence on the water company buyout. He stated the advancement group had stepped forward agreeing to increase the offer from \$400,000 to \$700,000. He indicated the City needed to find new revenue and the purchase of the water company would be a possible option.

He mentioned that Peoria residents pay twice as much as the national average for water and the City needed to explore this option on behalf of their citizens. He added this was not about buying the water company at any cost, but was about helping the community.

Council Member Jensen questioned if the CEO Council would be willing to include the increased offer of \$700,000 in the proposed agreement. She said the commitment should be included in the agreement.

Mr. Fliege said he could not speak to details. He said if the City went over the \$400,000, there would be other funds available to go to \$700,000.

In response to Council Member Grayeb's question regarding the next step, City Manager Urich stated the City had a deadline of November 1st to notify the water company the intentions of the City to pursue the due diligence, then a lengthy process would ensue before determining a purchase price.

Council Member Ruckriegel voiced concerns regarding Sections D & F of the Appraisal Assistance Agreement. Mr. Fliege responded the CEO Council had no standing on the due diligence and the CEO Council only offered its experience and expertise.

Council Member Riggerbach commented about a recent conference he attended hosted by the Illinois Municipal League where he learned that pursuant to 65 ILCS 5/11-124-152 cities were not allowed to make a profit on publically owned utilities and revenue must be utilized for water related expenses only.

Discussions were held regarding if revenue from the water company buyout could be utilized for other City functions besides water related issues. Council Members requested clarification pertaining to this question prior to the Special City Council Meeting on October 30th. Council Member Jensen requested a report back on how other cities like East Peoria, who owns their water supply manages its revenue. Mayor Ardis requested Corporation Counsel Leist respond to the Council at the October 30, 2018, Special Meeting regarding water company revenue and the utilization of its funds.

Motion to receive and file the Appraisal Assistance Agreement was approved by roll call vote.

Yeas: Akeson, Cyr, Grayeb, Jensen, Moore, Oyler, Riggerbach, Ruckriegel,
Mayor Ardis – 9;

Nays: None.

(18-301) Communication from Council Member Sid Ruckriegel with a Request for a FIRST READING of the Following:

- A. APPROVE a RESOLUTION Excluding CITY COUNCIL MEMBERS from Participation in IMRF;**
- B. APPROVE a RESOLUTION Excluding CITY COUNCIL MEMBERS from Participation in a CITY OF PEORIA HEALTH PLAN; and**
- C. ADOPT an ORDINANCE Setting the COMPENSATION for Certain ELECTED OFFICIALS of the City of Peoria.**

Council Member Ruckriegel spoke about the City's current financial crisis and he voiced concerns with recent employee layoffs and furlough days. He stated the City Council needed to assist with the budget crisis and he proposed Resolutions excluding City Council Members from participating in the Illinois Municipal Retirement Fund (IMRF) System, which required a 1000 hour work requirement and he further proposed eliminating of City Council Member's participation in the City of Peoria Health Plan. He proposed an Ordinance setting the compensation for At-Large City Council Members at \$16,500.00 per year and reducing the car allowance from \$400.00 a month to \$100.00 a month. He stated the elimination of pensions and health insurance along with the reduction in car allowance would produce a \$62,757.18 savings.

Council Member Grayeb moved to receive and file the First Reading review of a Resolution excluding City Council Members from participation in IMRF; a Resolution excluding City Council Members from participation in the City of Peoria Health Plan, and an Ordinance setting the compensation for certain elected officials of the City of Peoria; seconded by Council Member Cyr.

Council Member Riggenbach thanked Council Member Ruckriegel for bringing this item forward. He stated the City Council needed to set an example during these difficult financial times.

Motion to receive and file was approved by roll call vote.

Yeas: Akeson, Cyr, Grayeb, Jensen, Moore, Oyler, Riggenbach, Ruckriegel,
Mayor Ardis – 9;

Nays: None.

CLERK'S NOTE: Item No. 18-301 will be placed on the October 23, 2018, Regular Council Meeting agenda.

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

Two handouts regarding the budget were distributed to all Council Members, a power point presentation titled "Budget Policy Session" and a Council Report Back Report.

City Manager Urich distributed a presentation on the budget, which indicated the budget problem was directly related to the General Fund. He explained the total projected sources were at \$93.6 million; the total projected uses were \$98.6 million, which decreased the Fund Balance by \$5 million and included no replenishment to the Fund Balance. City Manager Urich proposed three scenarios regarding the General Fund for discussion.

First Scenario: General Fund transfer for pensions; PAAG costs paid from General Fund Balance; maintain current level of services would produce a \$23.1 million dollar reduction in fund balance by 2023.

Second Scenario: General Fund transfer for pensions; PAAG costs paid from property taxes (\$2.0 million); service levels reduced \$5 million for a balanced budget.

Third Scenario: General Fund would see pension growth paid from property taxes (\$1.4 million); PAAG costs paid from property taxes (\$2.0 million); Service levels reduced by \$2.7 million to balance budget. He specified the property tax implications would be as follows: on a \$100,000 home property tax rate would raise from \$1.54968 in 2018 to \$1.74352, which was \$54.00 a year in 2019; in 2020 tax rate would lower to \$1.72038, lowering annual cost to \$48.00; in 2021 tax rate would raise to \$1.80316, which was an additional \$22.00 annually with a cumulative cost of \$70.00; in 2022 tax rate would raise to \$1.89230, which was an additional \$25.00 annually with a cumulative cost of \$95.00; in 2023 tax rate would be \$1.98833, which was an additional \$26.00 annually with a cumulative cost of \$121 based on a \$100,000 home within the City of Peoria.

City Manager Urich indicated to the Council that additional revenue sources needed to be reviewed, he suggested a public safety pension fee similar to one Danville, Illinois implemented, a package liquor tax, which could generate approximately \$700,000.00 annually and a motor vehicle registration fee, which would charge \$30.00 per vehicle and \$6.00 per vehicle for senior citizens that would generate \$1,600,000.00 in revenue with expenses being \$600,000.00.

Mayor Ardis stated the Council needed to address the \$5 million dollar deficit along with the \$2 million dollar judgement facing the City regarding the PAAG lawsuit. He explained that the City Manager was looking for direction in moving forward with the budget discussion.

Following a brief comment, Council Member Oyler moved for an advisory motion to provide direction to the City Manager to raise the package liquor tax by 2%; seconded by Council Member Akeson.

Advisory Motion to provide direction to the City Manager to raise the package liquor tax by 2% was approved by roll call vote.

Yeas: Akeson, Grayeb, Jensen, Moore, Oyler, Riggerbach, Ruckriegel – 7;

Nays: Cyr, Mayor Ardis – 2.

Council Member Jensen suggested reducing salaries \$10,000.00 for certain City employees making over \$100,000.00 a year and she requested a report back.

Council Member Jensen moved for an advisory motion to provide direction to the City manager to implement a Motor Vehicle Registration Fee; seconded by Council Member Akeson.

Discussions were held regarding the motor vehicle registration fee. Concerns were voiced regarding another fee City residents were required to pay, especially after the recent stormwater utility fee recently implemented by the Council. Discussions continued on how the City would enforce the registration fee and if the Police Department, would be utilized for enforcement.

Advisory Motion to provide direction to the City Manager to implement a Motor Vehicle Registration fee was DEFEATED by roll call vote.

Yeas: Akeson, Grayeb, Jensen – 3;

Nays: Cyr, Moore, Oyler, Riggerbach, Ruckriegel, Mayor Ardis – 6.

Following a brief statement, Council Member Cyr moved for an Advisory Motion to remove the Public Safety Pension Fee from consideration; seconded by Council Member Oyler.

In response to Council Member Moore's question regarding delaying pension payments, City Manager Urich stated pension payments could be delayed, but a new State law indicated a municipality funding pensions at a lower amount, the pension boards could file a claim against the City and the Illinois State Comptroller's Office could hold funds from the City and pay the pension funds directly.

Council Member Jensen stated the City needed to explore the Public Safety Pension Fee and she stated she would not be supporting Council Member Cyr's motion.

Advisory Motion to remove from consideration a Public Safety Pension Fee was DEFEATED by roll call vote.

Yeas: Cyr, Oyler, Ruckriegel – 3;

Nays: Akeson, Grayeb, Jensen, Moore, Riggerbach, Mayor Ardis – 6.

Council Member Akeson moved for an Advisory Motion to provide direction for the City Manager to consider a Public Safety Pension Fee; seconded by Council Member Riggerbach.

Advisory Motion was approved by roll call vote.

Yeas: Akeson, Grayeb, Jensen, Moore, Riggerbach, Mayor Ardis – 6;

Nays: Cyr, Oyler, Ruckriegel – 3.

Following a brief statement Council Member Akeson moved for an Advisory Motion to provide direction to the City Manager to gain information about a business registration fee; seconded by Council Member Jensen.

Discussion was held regarding a business registration fee within the City of Peoria. Concerns were voiced regarding adding another fee to business owners that recently were charged for the new stormwater utility bill. Discussions continued stating dialogue should occur with the Peoria Chamber of Commerce and business owners.

Advisory Motion to provide direction to the City Manager regarding a business registration fee was DEFEATED by roll call vote.

Yeas: Akeson, Grayeb, Jensen, Oyler – 4;

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

Council Member Oyler moved for an Advisory Motion to restore the General Fund Balance to 25% over a 10 year period, approximately \$2 million a year; seconded by Council Member Ruckriegel.

Council Member Jensen suggested the City lower the required General Fund Balance percentage, which would require a change in policy. She stated she would not be supporting the motion.

Council Member Ruckriegel stated he supported the motion and he indicated the City had this policy for years.

Council Member Moore voiced concerns regarding the decline in the General Fund balance, she suggested the City needed to be more selective when dipping into the General Fund. She supported Council Member Jensen's idea of lowering the percentage amount and she said she would not support the motion on the floor.

In response to Council Member Grayeb's question, City Manager Urich stated if a disaster would strike the City of Peoria's economy the City would need to issue tax bonds, working cash bonds or adjust the tax levy.

Mayor Ardis stated he supported the motion because it shows the tax payers of the City that the Council are responsible with the City's funds.

Council Member Akeson remarked about similar communities and their healthy reserve funds. She indicated she would support the motion.

Advisory Motion to provide direction to the City Manager to restore the General Fund Balance to 25% over a 10 year period, approximately \$2 million a year was approved by roll call vote.

Yeas: Akeson, Cyr, Jensen, Moore, Oyler, Riggerbach, Ruckriegel, Mayor Ardis – 8;

Nays: Grayeb – 1.

Council Member Cyr requested a report back listing any City assets that could be sold to produce revenue.

City Manager Urich informed the City Council that if no direction was given regarding the PAAG lawsuits \$2 million dollar judgement, then the City would need to explore additional cuts.

Council Member Grayeb expressed concerns about additional cuts in services and staff. He suggested the City find additional revenue sources.

In response to Council Member Oyler's question regarding paying the PAAG judgement now, Finance Director/Comptroller Jim Scroggins said such payment would be detrimental to the General Fund Balance.

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.

Helen King, a concerned citizen, spoke regarding the purchase of the water company. She voiced concern regarding future generations of Peoria Citizens dealing with potentially large debt if the City would purchase the water company.

Cheryl Budzinski, a member of the League of Woman Voters, said the League supported the City pursuing due diligence of the water company buyout. She stated transparency was important during this process.

Gale Thetford, a citizen of Peoria, spoke on the need to pursue due diligence regarding the water company buyout. She explained the purchase of the water company would provide additional revenue, which could cut taxes, eliminate fees and repair infrastructure.

Janice Lindsay, a concerned citizen, voiced concern regarding the elimination of City Council Members IMRF & health benefits along with the reduction in car allowance, which was previously presented to the City Council.

Dr. Joesph Khuirallah, a citizen of Peoria, spoke against the water buyout. He stated with the City's current financial situation, a water company buyout would not be feasible.

Shelley Epstein, a concerned citizen, spoke regarding the City's budget issues and he stated he was pleased to see the City of Peoria was looking at other communities to assist in problem solving.

Joe Connor, attorney representing Illinois American Water, spoke on the CEO Contract and he questioned why it took the City eight months to draft an agreement. He stated the \$400,000.00 the CEO Council had pledged to pursue due diligence would not be enough money to complete this process.

Anthony Walraven, a citizen of Peoria, spoke on his support for the City to pursue due diligence pertaining to the water company buyout. He voiced concerns for the City's current financial situation and he encouraged the City Council to find new revenue sources.

Roger Goodson, Senior Manager of Field Operations and Production Illinois American Water, spoke about the proud Illinois American Water union employees and their concerns regarding a potential buyout. He stated a majority of Peoria residents did not support the buyout of the water company. He remarked the purchase price for Illinois American Water would be over \$300 million. He stated the City would lose over \$5 million in fees and permits a year paid to the City if the buyout went forward.

EXECUTIVE SESSION

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

ADJOURNMENT

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

Approved by roll call vote.

Yeas: Akeson, Cyr, Grayeb, Jensen, Moore, Oyler, Riggerbach, Ruckriegel, Mayor Ardis -9.

Nays: None.

The Special City Council Meeting adjourned at 9:30 P.M.



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