

**ITEM NO. 15-194 CITY COUNCIL OF PEORIA, ILLINOIS, IN COUNCIL, ASSEMBLED
YOUR COMMITTEE OF THE WHOLE to Whom was Referred a
POLICY SESSION Regarding FUNDING for ROAD WORK OVER THE
NEXT 5-10 YEARS.**

A Policy Session was held on Tuesday, June 16, 2015, at City Hall, Council Chambers, 419 Fulton Street, Peoria, Illinois, at 6:07 P.M., with Mayor Jim Ardis presiding.

ROLL CALL

Roll Call showed the following Council Members were physically present: Akeson, Grayeb, Jensen, Johnson, Moore, Spain, Rigganbach, Turner, Weaver, Mayor Ardis – 10;
Absent: Montelongo -1.

Others present were: City Manager Patrick Urich, Assistant City Manager Chris Setti, Corporation Counsel Don Leist, Public Works Director Michael Rogers, City Engineer / Deputy Director of Public Works Scott Reeise, City Clerk Beth Ball, Chief Deputy City Clerk Stefanie Rice, interested citizens and members of the media.

**Communication from the City Manager with a Request to Provide Direction to Staff
Regarding FUNDING for ROAD WORK OVER THE NEXT 5-10 YEARS.**

Maps relating to the City's arterial and non-arterial streets were distributed to all Council Members.

City Manager Urich opened the Policy Session asking the City Council for questions that specifically related to the City's long-range planning discussions for City streets along with long-term funding. He said Staff wanted feedback in order to incorporate it into the City's budget for 2016 and beyond.

CURRENT ARERIAL STREET CONDITION

Public Works Director Mike Rogers remarked that the City Council had previously discussed the City streets Pavement Condition Index (PCI). He stated that the desire was to have the City's infrastructure in the best condition possible, and he said Staff developed a plan to achieve this goal wherein the Council would need to make policy decisions regarding the same. He provided a brief overview of the items to discuss and revisited the street assessment conduct within the last year. He said the City roadways were tracked within the last year wherein the arterial pavement conditions ratings were developed. He reviewed the current arterial street conditions. He remarked that the current rating for the City's arterial streets was at 69.9 PCI. He reviewed different scenarios as it related to funding. He said if the City did nothing to improve the streets but just patched and sealed, over time the roads would suffer resulting in a 59.0 PCI rating by 2019. He explained that at a funding level of \$1.2 million per year, the streets would continue to decline and deteriorate, but in order to maintain current conditions, the streets would need to be funded at \$1.7 million per year; however, there would still be deterioration. He remarked that even though the City was doing street projects, other street projects were deteriorating at a very high rate. He said Staff was looking for a compromise with an upwards trend. He reviewed what an unconstrained level of funding would look like, noting it would cost approximately \$6.6 million for arterial streets alone with a PCI rating of 90.0. He remarked that at the City's current funding level, the roadways would continue to deteriorate.

Council Member Weaver questioned the different starting points on the chart entitled "Current Arterial Street Condition." Public Works Director Rogers said the different starting points reflected an initial investment in the roadways. He said it was the initial investment that affected the initial starting point on the chart.

CURRENT RESIDENTIAL STREET CONDITIONS

Director Rogers reviewed the current residential street conditions. He remarked that if the initial \$600,000.00 was not allotted for the maintenance and improvement of the residential streets, there would be a steady decline wherein by 2019 the City's roads would decline to a 60.6 PCI rating. He reported that the City's residential streets were currently at a PCI of 71.9. In order to achieve a rating of 75 PCI, he said it would require an investment of approximately \$9.6 million in addition to what the City already contributed for residential streets.

Director Rogers said it was important to determine the PCI level that was acceptable for the City's roadways. He said it was the recommendation of Staff to begin with a 75.0 PCI for arterial streets and a 70.0 PCI for residential streets.

CURRENT FUNDING LEVELS

Director Rogers said the current funding level for streets was \$4.1 million. He said this amount included both arterial and residential streets. He remarked that approximately \$1.2 million was utilized for arterial streets and \$600,000.00 for non-arterials. He said the remaining \$2.3 million was allotted for ancillary costs such as engineering, sidewalks, curbs, etc. He stated that whenever the Public Works Department performed a street project, it was done as a "complete street" project, which would include sidewalks.

TYPICAL PAVEMENT PERFORMANCE CURVE

Director Rogers addressed why the PCI rating continued to decline. He said many roads began in good or excellent condition, but over time they started to weather and fall into different categories. He remarked that, over time, different treatments would need to take place during different phases of a street's lifespan. He said the major concern occurred when street conditions fell to a PCI level of 25.0 or lower, which would require reconstruction. He said it should be the City's goal to prevent these roads from falling into that category. He said the focus should be on streets that were at a higher PCI level to ensure they stayed in good condition.

PAVEMENT PRESERVATION TECHNIQUES

Director Rogers reviewed the various pavement preservation techniques and the cost of each. He remarked that proper treatment had to be done at the proper time. He said pavement preservation could not be done on a road that was deteriorated. He said the projects had to be separated between pavement preservation and reconstruction.

Council Member Weaver requested more clarification on funding.

PAVEMENT DATA

Director Rogers said the City only had one assessment to utilize, which provided only one point on a curve. He said additional data points needed to be collected every three years in order to track the changes to determine how quickly the roads were deteriorating. He said additional data points would assist in the decision-making process.

In response to Council Member Weaver's question regarding the PCI ratings, Director Rogers said Staff recommended aspiring for a rating of 85.0 on arterial streets.

City Engineer Scott Reeise said Staff had begun to analyze the financial aspect through the use of a software program. He said the preliminary findings indicated that it would cost approximately \$3.2 million to reach a PCI rating of 75.0 for arterial streets. He said an analysis had not yet been conducted on the residential streets; however, he said he anticipated the cost to be approximately \$8 million for a PCI rating of 70.0 for residential streets.

Director Rogers said Council needed to determine, from a policy standpoint, whether those ratings were attainable, and then review various funding scenarios.

City Engineer Reeise said Peoria was a home rule entity, which allowed for a Local Motor Fuel Tax (MFT), which was currently fixed at \$0.02 per gallon. He said approximately \$800,000.00 of that went towards the arterial overlay plan. He said for every \$0.01 MFT, the City would receive approximately \$400,000.00 of revenue. He said the City could implement a MFT up to \$0.05 per gallon. He reviewed the breakdown in the price of gasoline. He said the City received approximately \$3.2 million annually from the State's MFT. However, he said the local MFT has been gradually declining over the last 10 years. He compared Peoria's Local MFT to other cities over a four-day average. He said a \$0.01 increase would provide the City with approximately \$400,000.00 additional revenue, \$0.02 would provide approximately \$800,000.00, and \$0.03 would provide approximately \$1.1 million.

Discussions were held regarding the relationship between the Local MFT rates and fuel costs. At Council's request for additional data, City Engineer Reeise said Staff tracked the motor fuel costs for the last six months wherein additional data for the chart would be provided.

Discussions were held regarding alleys. Council Member Grayeb inquired how the alleys were included in the cost of streets, and he remarked that alleys were an integral part of the City's roads and heritage neighborhoods. City Engineer Reeise said Staff rated the City's alleys on a system of 1 to 10. He said there was not a preventative maintenance plan in place for alleys, but he said Staff was working on developing one. Director Rogers said alleys had been placed back on the schedule for pavement preservation. He said alleys were being addressed on a regular basis, noting that the whole plan would take approximately six to seven years before it would begin to cycle back around.

Discussions were held regarding brick streets. Council Member Grayeb said it was determined several years earlier that the City would retain its brick streets due to being green and effective, needing less maintenance or asphalt. He remarked how difficult it was to get those streets repaired. He commented that brick streets helped subsidize all the work that was needed on asphalt streets. He said brick streets were environmentally friendly, and the City needed to develop a plan to address its brick streets, which were primarily located within Districts 1, 2, and 3.

Director Rogers said Public Works had repaired a brick street located in District 1. He said the repairs to brick streets were more on a reactive basis than a proactive basis. He said the City would address the brick streets, noting it was their desire to ensure the City's infrastructure was as safe as possible. However, he remarked on how stretched Staff was at this point.

Council Member Grayeb said the excellent and solid condition of brick streets allowed for work to take place on other streets. From an environmental aspect, he said they were good streets, noting that the old-fashioned had become the new-fashioned. He said he preferred not to see brick streets covered by asphalt. He remarked that the citizens of Peoria know it would cost them more money to maintain the streets. He said people would not mind paying for something

if they saw something tangible in return. He said the approximate costs provided to the Council needed to be shared with the public.

Regarding the Local MFT chart, Council Member Riggerbach inquired whether the City had been monitoring the gas prices. He said it was his experience that gas prices were generally cheaper in Bloomington/Normal and Pekin than it was in Peoria. He said there needed to be a longer comparison period other than a four-day snapshot.

Mayor Ardis said they were not going to discuss the Local MFT any time soon; however, he commented that he would like a chart reflecting gas rates over a longer period of time.

City Manager Urich inquired whether the City Council wanted to pursue PCI ratings of 70.0 and 75.0 for arterial and residential streets, respectively. He remarked that the charts provided were for a 5-year time period. He said the time period could be out over 10 years versus the five. He said the time period would affect the amount of money allocated into roads.

Regarding the Local MFT tax, Mayor Ardis said Council had, in the past, different gas vendors provide presentations about the challenges they faced and the impact the MFT would have on their business. He said the community would expect the City to do as promised should the Local MFT be increased. He said the project could be stretched out over a 10-year time period, but may cost the City more money.

Regarding the comparison of Local MFT to other cities, Council Member Spain asked for other peer cities throughout the State be included in the comparison chart. He said he would like to see how much of an MFT the larger communities assessed. He remarked that there would still be a gap in funding even if an MFT was maxed out.

In response to Council Member Johnson and Council Member Jensen's question regarding the number of roads throughout the City that were not the City's responsibility, Director Rogers said he would research that information and provide a map of the same in the next Issues Update. He remarked that in order to upgrade all the County roads, it would cost approximately \$54 million. He said the State roads did not have PCI ratings, but the County roads did.

Council Member Jensen inquired about other funding options and what those options would be. Director Rogers said any type of utility was an enterprise fund that would help keep the City from taking from its General Fund.

City Manager Urich provided an in-depth review of how various taxes and fees were utilized. He remarked that the Local MFT was utilized to pay for road salt, streetlight supplies, etc, and coupled with the Garbage Tax, allowed the City to prepare for the arterial street overlay. He said the City was using the General Operating Fund to address CSO issues.

Council Member Grayeb remarked that the trifecta of costs – roads, CSO, and infrastructure– was a challenge that needed to be addressed. He inquired as to when the public could be informed of the same.

In regards to the CSO issue, City Manager Urich said the City was not any closer today than a month or two ago to a settlement. He said it was his hope that by the end of the summer or early fall the City would have more clarity on the issue.

Council Member Grayeb said the City needed to provide the community with some type of composite, and he remarked on the importance of letting the citizens know the approximate

cost. He stated it was important to get the CSO issue resolved and to know the total cost to satisfy the Federal government as well as to fix the City's infrastructure.

In response to Council Member Akeson, Director Rogers said Staff was looking at the cost of new infrastructure beyond just the construction, which was done with each project. He remarked on the importance of maintenance of the new infrastructure. He said green infrastructure was something Staff needed to learn. He said the Staff was always looking at innovative ways to deliver quality service.

Council Member Akeson remarked on the importance of planning for long-term costs. She said the Community Development Department needed to be included to review plans of compacting the City's roads in length and width.

City Manager Urich said Staff would continue to look at the cost of new infrastructure, including its long-term maintenance. He remarked that there were opportunities for the City to try to reduce the infrastructure.

Council Member Akeson said a fiscal impact analysis should be a standard process when reviewing roadways. She remarked on the importance of being aware of the maintenance of future roads. She said the Local MFT would not help the City maintain the roads. She remarked that Staff needed to improve the process of determining future costs.

Council Member Riggerbach said knowing the maintenance costs would be an important consideration when introducing new projects.

Council Member Grayeb said the City spent a lot of money on streets with the assumption that Peoria's population would be increasing. He said no one saw the Great Recession of 2008 coming, which had a tremendous impact on the City's growth. However, he commented that the 10-year project plan of Caterpillar's World Headquarters would have an impact on the local economy. While the City was currently in a difficult financial situation, he said he believed the City would be able to overcome it.

City Manager Urich said Staff estimated the potential impact the Caterpillar project would have on the local economy, and he said it would be an important driver of downtown development.

Council Member Grayeb commented that he saw Peoria moving into better days with the 10-year Caterpillar project on the horizon which could help the City address some issues once a cost was determined.

In response to Council Member Moore, Director Rogers said after Council determined a target goal for road conditions, the second question to answer would be how long the City would want to take to obtain that aspirational level. Regarding funding, he said Staff was trying to give the Council suggestions. Even if the funding levels did not increase, he said every employee in the Public Works Department understood that this was an important time to get the work done effectively and efficiently. He said they would continue to provide exemplary levels of service. He said the longer the issues were not addressed, the worse the problem would get. He said Public Works would continue to test new techniques and look at best practices. Regarding the Local MFT, he said some of these questions were out there to give Council ideas of things that were best practices throughout the country and the State of Illinois.

Council Member Moore said the purpose of the Policy Session was to provide Council with information needed to make informed decisions about pavement repairs. She said the intent of the session was to prepare for budget discussions at a later date.

Director Rogers said the purpose of the Policy Session was to assist the City Council in making the best informed decisions possible. He said it was his intent to provide a snapshot of where the City was at its current infrastructure.

Mayor Ardis said this Policy Session was to set the table for Council to contemplate the budget and to provide an outline of what to expect.

City Manager Urich provided an overview of what to expect from Staff in the upcoming weeks regarding budget presentations. He said the City Administrative Departments and the Fire Department would present first, then the Police Department and Public Works, and finally Community Development. He said Council could then ask operational and capital questions about each. He remarked on the importance of Staff to know Council's priorities and to return to Council with a recommended budget in August.

Regarding an additional revenue source, Council Member Akeson inquired about automobile stickers and how other cities utilized that source of funding.

City Manager Urich said the only cities that utilized stickers were prominently the metro-Chicago area. He said there was no City downstate that utilized the stickers. He said automobile stickers were a potential revenue stream to review.

Mayor Ardis said City roads received a tremendous amount of use from visitors, and he said Staff needed to review ways of capturing that revenue source.

Discussions were held regarding the Local MFT and whether or not that had to be adopted by a referendum. Corporation Counsel Leist said State Statute capped what the City could charge for an MFT. City Manager Urich said he would provide information on the process for a local non-home rule community to raise their MFT.

Discussions were held regarding the City's reserves. Council Member Grayeb inquired as to where those reserved funds were stored and what the benchmark was in order to consider the City to be healthy. He said it was important for the City Council to have that information.

City Manager Urich said the City's current reserve levels are about 20.5% of its total expenditures; however, the levels should be at 25.0% for 90 days of expenses. He said the City was below that amount and needed to get back up to the 25% level.

Council Member Grayeb requested a Report Back on where the City stood in terms of its levels of reserves and how to pay bills that were coming due.

Council Member Spain moved to receive and file the information regarding funding for road work over the next 5 – 10 years; seconded by Council Member Jensen.

Approved by roll call vote.

Yeas: Akeson, Grayeb, Jensen, Johnson, Moore, Riggerbach, Spain, Turner, Weaver,
Mayor Ardis – 10;

Nays: None.

The Policy Session closed at 7:40 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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