

***Proceedings of the Council of the City of Joliet, Illinois  
held on the 1st day of December, A.D. 2008***

SPECIAL MEETING of the Council of the City of Joliet, Illinois called for the purpose of reviewing the 2009 Budget held on Monday, December 1, 2008 at 5:20 P.M. in the Council Chambers, Joliet Municipal Building, 150 W. Jefferson Street, Joliet, Illinois.

ROLL CALL

PRESENT: MAYOR ARTHUR SCHULTZ and DISTRICT 4 COUNCILWOMAN SUSIE A. BARBER, DISTRICT 2 COUNCILMAN TIMOTHY M. BROPHY, COUNCILMAN AT LARGE THOMAS C. GIARRANTE, COUNCILWOMAN AT LARGE JAN QUILLMAN, DISTRICT 1 COUNCILMAN JOSEPH R. SHETINA, COUNCILMAN AT LARGE MICHAEL F. TURK and DISTRICT 3 COUNCILMAN ANTHONY UREMOVIC.

ABSENT: DISTRICT 5 COUNCILMAN WARREN C. DORRIS.

ALSO PRESENT: CITY MANAGER THOMAS A. THANAS, DIRECTOR OF MANAGEMENT AND BUDGET KENNETH R. MIHELICH and DIRECTOR OF FINANCE HUGH BRENNAN.

COUNCILMAN SHETINA asked for a recap of the budget and the rationale behind it.

The City Manager said we started this process a few months ago going through the projected revenues for 2009, and we looked at a couple of areas where we counted on the revenue in the past to help finance a lot of the major operations, with an obvious source of revenue being riverboat gaming revenue. He said those revenues have gone down dramatically especially in Illinois because of the combination of the bad economy and the smoking ban hitting at the same time. He said the additional competition coming from Indiana and Michigan now didn't help either, so we're looking at projecting about a 25% decrease in gaming revenue which in real dollars is about a \$9 or \$10 million drop. He said it was that extra \$9 or \$10 million that has helped the City Council do a lot of great things over the last 16 years, including helping the school systems, helping a lot of the charities and service organizations and taking on major capital projects like a ballpark and Splash Station and a new Library and a lot of other things. He said this year though we're looking at a severe decrease and we had to project about a 25% decrease in gaming revenue and we think even that may be a little overly optimistic.

The City Manager said the same thing goes for construction related revenue. He said we showed some slides a few weeks ago at our first budget meeting that showed a lot of the revenues that were coming in from the impact fees, real estate transfer taxes, building permit fees, those kinds of things that during the years where we were seeing 2,000 or 2,500 new houses being built and a lot of commercial/industrial, we had a lot of revenues coming in from those areas. He said now that we're only issuing about 10 building permits a month for single family homes, and commercial has dropped off comparably, we don't have those revenues any more. He said the real estate transfer tax had always generated a lot of revenue in the past, but there aren't too many houses being sold right now and not too many businesses, so we're down in that area. He said we also saw decreases in sales tax revenue, home rule sales tax and food and beverage tax. He said all of those reductions in revenue add up and resulted in a substantial

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hole in the budget. He said the reality is we can't in good conscience predict anything better than what we've seen in 2008.

The City Manager said the flip side of that is the expense side, and we have control over some expenditures but over a lot of them we don't. He said we have collective bargaining agreements going out to 2011 and 2012 that have salary increases built into them and we have increased the funding of the Fire and Police pension funds by \$6.5 million as the result of an analysis done earlier in the year. He said we also have about another \$500,000 to contribute to IMRF, so we're looking at pension funds going from \$18 million to \$25 million in just one year. He said we certainly recommend that and agree with the assumptions that were made by our actuarial company and we think it's helping us right the ship on the contributions for pensions.

The City Manager said some of the other expenses include road salt that has gone up dramatically; we were able to lock in at a favorable price, but it's still 47% above what we paid last year. He said other expenses that have been manageable in the past have gone up such as blacktop going up 30% in a month at one stretch, so we've seen nothing but increases on the expense side, and when gas was \$4 a gallon we were paying more in that area. He said we had a bad winter last year so we had more overtime expenses on the public works side, so it's just been a situation where a lot of these expenses that aren't really controllable by us have gone up dramatically, and it's a combination of increased expenses and decreasing revenues that have caused us to bring in a budget that's about as lean as we can possibly make it without making cuts in services that would be detrimental to the public.

COUNCILMAN UREMOVIC said the 2008 budget had to be revised which was approved about 7 months ago, and that's why he voted no on it because those numbers were so out of line that we were projecting a 5% increase in revenues when 2006 was the peak and we flattened out in 2007. He said in looking at 2008 all of the revenue projections had to be revised by a sum total of about \$18 million or \$20 million at least.

The City Manager said it was a sizable amount. He said last year's budget built in about a \$4 million drop in gaming, so we've had to make up about \$5 or \$6 million, and we worked with the department heads to manage back some of those controllable expenses. He said we had some major projects that we eliminated and put on hold, and that's how we got ourselves through 2008, so we were able to do that without a lot of pain, but we're at a point now where what we're recommending in this budget is to control costs, primarily in the personnel section and not filing vacancies, and that goes for all departments. He said obviously we do that with a lot of caution because we don't want to cut back on services that will jeopardize public safety, but we're going to look at every single position that is open now and that will be opening up and more than likely recommending not to fill them. He said there will be some exceptions because there are some positions that have to be filled on a 24/7 basis such as dispatcher jobs and those kinds of things, but we will continue to monitor that and make sure that we run this as leanly as we possibly can.

COUNCILMAN UREMOVIC said he would like to commend the staff on what a great job they've done on this, and he is ready to vote on it now.

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COUNCILMAN TURK said some of the items no longer being funded from the gaming fund, such as arterial streets, city stickers, and sewer and water services are now being absorbed into the regular budget and not using gaming.

The City Manager said yes, what we've tried to do is take as much of the operating expenses out of the riverboat gaming fund as we can or vice versa. He said we were subsidizing the water and sewer fund to the tune of \$1.2 million using gaming revenue; it just wasn't there so to balance the water and sewer to make up for that \$1.2 million we eliminated almost all of the projects for 2009. He said what we're proposing is to just operate the system as best we can and we've asked Director of Public Utilities Jim Eggen to come up with an emergency fund so that when we have water line or sewer breaks we have some money in there to take care of those. He said we don't have any funding at all in the 2009 budget for any new water and sewer projects.

COUNCILMAN TURK said so with the vehicle tag, we're still absorbing that cost, just out of a different fund.

The City Manager said that's right.

COUNCILMAN SHETINA said we were told 2 or 3 years ago that we were going to have this shortfall and this is nothing new. He said every other city in the United States has the same problem and Joliet is not unique at all in that regard; this is a systematic problem. He said what we have to look at is how to keep ourselves whole and quit throwing spears at each other and let's keep this thing on a rationale basis. He said it looks as though we still have some money left if we have some real emergencies; we still have \$11 million sitting in the pot. He said he's not asking to spend that money; he's asking that we be aggressive about cutting expenses and overtime and those kinds of things. He said we have to be positive about where we're going; this isn't going to last forever. He said things are going to change and hopefully the timing looks to be pretty good for us with respect to what is coming on-line like the CenterPoint project. He said he thinks we're attacking it in the right way and it's unfortunate that we have to keep from giving money out like we have over the years. He said we shared it and it got beyond the structural and bricks and mortar and it got into salaries with them and with the City, and we got into areas probably outside the City's scope. He said we have to look at the things we're responsible for, and if it requires some action with respect to revenues also, if we have to do that we need to do that. He said we have to keep ourselves whole and keep going in a positive direction, and he appreciates what staff has done.

COUNCILWOMAN QUILLMAN asked about the compliance fines under revenues in Appendix A-4, and she asked if that was based on the old rates because now we have a tiered system with the two rates, so if that was based on the old that figure should go up.

The City Manager said it will go up based on the new fine level.

COUNCILWOMAN QUILLMAN said that could go up considerably.

Mr. Mihelich said it could go up and one of the things we were trying to be careful about is historically some of these fines go up and down, so we wanted to be conservative about that, but it's definitely something that we're going to work on with the Police Chief and the other departments to make sure we get that.

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COUNCILWOMAN QUILLMAN said she will be very interested to see how much that does go up.

COUNCILWOMAN QUILLMAN said a couple of weeks ago she asked about the buyout and she asked if we received the figures yet for early retirement and how that would affect this budget.

The City Manager said the buyout deals with an Early Retirement Incentive (ERI) for the employees who are covered by IMRF. He said that does not include fire or police personnel, so it's just the 400 or so who work under the IMRF umbrella. He said IMRF has a program that is authorized by State law for early retirement that allows 5 years of credit to be given to somebody who takes early retirement, and to be eligible, you have to be 50 years old on the date that we designate and have at least 20 years of service in. He said there's a cost to that, and if everybody who's eligible for retirement did retire that day, it would be about a \$19 million liability. He said if it's going to work successfully, and a lot of towns do this, you would hire back about 80% of the positions that were vacated by people retiring so you'd reduce your employee complement by about 20%, and you would reduce the salary structure for those employees. He said you would have to reduce the salaries by about 20% or 30% and over a 5 year period, you'll make back that \$19 million and then some, so it's something he has asked the Human Resources Director to look into and see if it's a cost effective solution going forward to see what the 5 year impact is and whether we actually come out ahead. He said we would designate a date in the future and we would have a list and we would approach those people to find out who would be retiring and who wouldn't, and we would have a pretty good idea of what the cost savings would be. He said for example, if we had a \$80,000 position retire, the idea would be to fill it with someone who would make no more than \$60,000, or we would eliminate a position or two, and that way we would get ahead through that process.

COUNCILWOMAN QUILLMAN said so you're still looking into that and it's not dead in the water.

The City Manager said no, it's something that is a part of our ongoing commitment to you to look at the finances. He said we'll have numbers in a month or two where we can give the Council a pretty good idea of what the cost savings would be if we did offer early retirement to IMRF employees.

COUNCILWOMAN QUILLMAN said it's a great budget and much easier to read and she thanked the staff.

COUNCILMAN BROPHY said through November 14 we're at about 102% of our budgeted amount for overtime this year and we're going to go into the 115% to 120% mark on overtime by the end of 2008. He asked if can we cut that a little closer in 2009. He said he knows a lot of that is weather dependent, but can we be sharper on that.

The City Manager said we'll break out what the weather dependent part of that was of that 115% or so percent for 2008, and a large part of it was weather dependent. He said there are some overtime opportunities that we have control over like the special events and the events that other agencies run like the Park District where we actually pay for the overtime expense of having a police and fire presence there, and we'll be bringing all of those back to the Council in the first quarter of 2009 in anticipation of all those events happening in the summer

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to decide which ones we can afford, and which ones we may not be able to afford any more, so those are areas where we can help control the cost.

The City Manager said certainly the two Chiefs will be looking at ways of deploying their personnel to see how we can be more effective; it's hard in the Fire Department because of the minimum manning requirements on the apparatus, and we've got to be careful there that we don't violate our union contract. He said with the police there are safety issues, so he has asked the Chief to watch it as closely as he possibly can. He said he's sure it's the same conversation that's been held many years going back, but this year we'll be monitoring it very closely and those areas where we do have control over it, we're going to be bringing those back to the Council to decide if we should be funding this particular overtime or is it something we can pass along to an agency.

COUNCILMAN BROPHY said there's that question, and then there's the estimates. He said missing it by 20% every year seems a little odd so he's hoping we can address both the need for it and the planning for it.

Mr. Mihelich said he has started a process of reviewing this year's overtime before we get to the end of this year so we can get some better information. He said we have some new software that allows us to be a lot more user friendly with the information that we have, and so we are working on weekly reports that will load the information more quickly so the department heads can see the impact of some of their decisions more clearly.

COUNCILMAN BROPHY said for those agencies that we've cut out of the budget today, we've gone from all of it to nothing in one year. He said he'd like to separate out those that are need based, and he asked if there is there any way to guesstimate the number that we've removed from the social service agency donations.

The City Manager said about \$800,000.

COUNCILMAN BROPHY said he can't help but feeling that we're taking money from the helpless. He said as the County seat, we have a little bit bigger responsibility to take care of those that can't take care of themselves or those that are in serious need, and while we have our main constitutional charter of those things that we're supposed to do, he can't help but have the feeling that we're taking money away from the helpless who need it today to make sure that we've got fully funded pensions a long time from now. He asked how long the pension schedule is that we're on for full funding.

Mr. Mihelich said 25 of the original 40 years.

COUNCILMAN BROPHY said and that's an ongoing battle as investments do better and worse and that money is going to move around, but the need for those who can't help themselves will be constant, and he has this feeling that we're taking some drastic action, and he's not talking about the fests and the parties and the fun things and not even the schools because they have some wherewithal from their constitutional and budgetary perspectives, but those that can't help themselves, he has a feeling that we're making a grave mistake. He said he hopes the private sector steps up to fill that gap that we're leaving, but he's regretful that we're cutting that number out this year from those that need it.

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COUNCILMAN GIARRANTE said he thinks we all regret that we're cutting them out whether it's the schools or charities or social groups, and he doesn't think any of us are enjoying what we're doing, but no one thought we'd be in this situation now, so we have to do what we have to do. He said other than that all his comments and concerns were answered at the last budget meeting, and should any more arise, he'll contact staff.

MAYOR SCHULTZ asked about the 10<sup>th</sup> riverboat gaming license.

The City Manager said there are three bids that are still alive before the Illinois Gaming Board; the highest offer is \$460 million from the gaming company that is proposing a casino in Rosemont, and the lowest bid is in the \$200 million range. He said that's for the privilege of getting the license and then obviously they have to build the facility on top of that. He said the Gaming Board had a meeting last Tuesday where the three companies made presentations and they plan on voting before the end of the year on which of the three will get the license.

MAYOR SCHULTZ said we have two casinos and he was here when we got the first one and we told the people as long as we've got it, we'll give it to them. He said right now we're having a little bend in the road and we're a little short, but we won't forget them. He said if it comes back to us, it will go out to them. He thanked the staff for a good budget and he said we're going to work around it.

Mr. Peter McLenighan, Executive Director of Stepping Stones, stated he is not here to make a request; he trusts the collective wisdom of the staff and Council. He said he wanted the Council to know how deeply grateful they are for the support the City has provided to them over the years and he wanted to thank the Council very much.

Mr. John Bene of the Board of Directors of the Daybreak Program said last week they set a record and filled every bed. He said more people are getting laid off and losing their homes and it's going to get progressively worse. He said it's going to be really tough next year if they get cut all this money and there's no way they'll be able to survive. He asked that the Council help in any way they can.

Mr. Mike Hennessey, President and CEO of the United Way of Will County, said as Mr. McLenighan mentioned, we are so grateful for the support you provide, not only to other non-profits and all the wonderful things you do to enhance the quality of life in this City, but the continued support you provide in matching what City employees generously raise during their annual campaign. He said collectively last year the City of Joliet represented 4% of their total United Way campaign which was \$3,985,000, and those dollars support 46 wonderful agencies, and the Council just heard from two examples. He said we understand the difficult times the City is facing, so if the Council is not able to match its employees, we understand. He said it was mentioned maybe some of the private sector could help, and we could use the Council's assistance with getting some help from the new businesses or some that have been here for quite some time that are not giving back. He said statistics show that 1 in 4 people in our community will reach out to one of our agencies this year for services, and he asked the Council to help them open the door to allow them to give back. He said that may help offset some of the loss for some of the agencies that very much rely on the City's generosity. He said on their behalf and the 1 in 4 residents that benefit from community support, we thank the City of Joliet for its generous giving for many, many years and we look forward to years to come.

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COUNCILWOMAN QUILLMAN thanked everyone for their kind words. She said personally this is the hardest thing she's ever had to do, but we've had to tighten our belts and it's just hard times, and she is sure we'll be able to work with the community and help open some doors here. She said it's nothing that we relish doing, but we've cut our budget as far as employees and not replacing people and things of that nature, so we did start at home first before we went out and started cutting everything else. She said she is just speaking for herself, but she doesn't think anyone here would disagree with her that this has not been an easy decision but something we had to do.

COUNCILMAN GIARRANTE moved that the Council adjourn at 5:55 p.m.

Motion seconded by COUNCILMAN BROPHY.

Motion carried by the following vote:

AYES: COUNCILWOMAN BARBER, COUNCILMEN BROPHY, GIARRANTE,  
COUNCILWOMAN QUILLMAN, COUNCILMEN SHETINA, TURK,  
UREMOVIC and MAYOR SCHULTZ.

NAYS: NONE.

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ARTHUR SCHULTZ  
MAYOR

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JANET K. TRAVEN  
CITY CLERK

Recorded on Tape