

***Proceedings of the Council of the City of Joliet, Illinois
held on the 7th day of December, A.D. 2009***

SPECIAL MEETING of the Council of the City of Joliet, Illinois called for the purpose of reviewing the 2010 BUDGET held on Monday, December 7, 2009 at 4:00 P.M. in the Council Chambers, Joliet Municipal Building, 150 W. Jefferson Street, Joliet, Illinois.

ROLL CALL

PRESENT: MAYOR PRO-TEM JOSEPH R. SHETINA and DISTRICT 2 COUNCILMAN TIMOTHY M. BROPHY, DISTRICT 5 COUNCILMAN WARREN C. DORRIS, COUNCILMAN AT LARGE THOMAS C. GIARRANTE and COUNCILWOMAN AT LARGE JAN QUILLMAN.

ABSENT: MAYOR ARTHUR SCHULTZ, DISTRICT 4 COUNCILWOMAN SUSIE A. BARBER, COUNCILMAN AT LARGE MICHAEL F. TURK and DISTRICT 3 COUNCILMAN ANTHONY UREMOVIC.

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

Director of Finance Hugh Brennan summarized what has been reviewed by the Mayor and Council to this point.

MAYOR PRO-TEM SHETINA asked what criteria was used as staff reviewed each department's proposals and the number of employees necessary for their functions, particularly the parking system and the number of people needed to operate it.

The City Manager said there are three full-time employees who operate the parking system in downtown Joliet and all three of them have been long-time City employees. He said in addition to that, there are about 12 regular part-timers who staff the booths at the parking garages during business hours.

MAYOR PRO-TEM SHETINA asked about the income and expense analysis that was done for the parking system.

The City Manager said as opposed to previous years, this year we actually calculated the overhead, health insurance, pension contributions and other fringe benefits that were not in the equation previously, and that's what led us to believe that the expenses were exceeding the income we were receiving from the two garages and the meter spaces and the lots.

MAYOR PRO-TEM SHETINA said part-time people are not bequeathed with benefits such as insurance.

The City Manager said that was the case until last year when the part-time employees were unionized and became part of Local 440 through the card check process where if a majority of a work group signs off, they become members of the union. He said once they become members of the union, some of the benefits that go with that adhere to those employees, so that was a change that we had to absorb last year as an additional expense that we did not have previously.

MAYOR PRO-TEM SHETINA said so there was no bargaining involved.

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The City Manager said no, it's the card check process that's currently being debated at the federal level that we've had here in Illinois for several years and it's not a negotiated process. He said one of the three full-time employees is management and the other two are members of Local 440.

CHANGES TO PARKING FUND BUDGET PROPOSAL

Mr. Brennan said the proposal for the parking meter rates discussed last week included different rates for two zones, Zone A and Zone B, and he showed a map of the two zones. He said in Zone A, a rate of \$1.00 an hour for the parking meters is being proposed, and in Zone B, 50 cents an hour is being recommended for the parking meters. He said the rates would apply to the existing meters and no new meters are being added.

MAYOR PRO-TEM SHETINA asked about the weekends.

The City Manager said on Saturdays the meters are in play until 1:00 p.m. and after that it's free. He said there's no charge on Sundays.

COUNCILMAN BROPHY asked if the zones could be rearranged later if we find it may be necessary.

The City Manager said yes and he explained how the zones were arranged.

PARKING RATE/FEE PROPOSAL – REVISED

Mr. Brennan showed a chart with the revised parking lot fines from the current \$10 rate, the original staff proposal of \$50 and the revised proposal of \$30. He also pointed out a revised fine of \$10 for meter fines which was reduced from the staff's proposal of \$15.

PARKING REVENUE REVIEW – REVISED

Mr. Brennan said the suggested revisions have been incorporated and adjustments have been made to the parking revenues. He said the fine increases would be difficult to try and implement January 1, 2010, and the proposed budget was based on receiving those revenues starting on that date. He said there will be a two to three month delay to implement the rate changes, and those estimates have been adjusted for those two areas accordingly.

MAYOR PRO-TEM SHETINA asked why the increases can't be implemented quicker.

Mr. Brennan said we have parking meters that are manual meters and there would be some work needed to get those to read for the proposed amounts; we're also looking at replacing some of the mechanical ones with the more modern ones and that would take some time to get implemented. He said we're also giving ourselves some time to notify the public for what changes are going to be implemented.

The City Manager said we thought it would be appropriate to have at least a 30 day notice period to commuters, downtown parkers and downtown businesses before any changes would be implemented, so assuming approval, we'll make

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sure we roll that out and give everybody plenty of time so they understand that changes are coming.

Director of Management and Budget Ken Mihelich said the current parking lot fines are \$10, but there are also a whole host of other series of fines that are \$10, for instance, violations for parking too close to a fire hydrant or to a driveway and illegally parking on the streets. He said our proposal includes increasing those types of fines from \$10 to \$30 as well.

COUNCILWOMAN QUILLMAN asked what is the fine for parking in a fire lane.

Mr. Mihelich said that would be increased from \$10 to \$30 under this proposal.

COUNCILWOMAN QUILLMAN said she thinks that should go to \$50, because every time she goes to Jewel there are always people parked in those fire lanes. She said and it's not just Jewel, it's all the major stores.

MAYOR PRO-TEM SHETINA asked why aren't those enforced more.

Police Chief Fred Hayes said they are enforced; in 2008 a total of 7,919 parking tickets were written, and for meter violations, in 2008 a total of 26,677 were written. He said the department does it's best to enforce them, but there's quite a few violators out there.

COUNCILWOMAN QUILLMAN asked if the 7,919 tickets written were \$3 tickets or \$10 tickets.

Chief Hayes said on average those were the \$10 tickets.

COUNCILWOMAN QUILLMAN said she would think that if they knew the ticket was going to be \$50, it would defer people from parking in a fire lane, because that's a constant.

COUNCILMAN BROPHY asked if the fines can be changed at any time of the year.

The City Manager said yes, the only problem we may have is printing the tickets. He said it's a policy decision and nothing precludes us from revisiting it later on.

MAYOR PRO-TEM TURK arrived at the meeting at this point.

COUNCILMAN BROPHY asked if there is any benefit to giving staff time to study it or is it simple enough that a recommendation can be made today.

The City Manager said he thinks the Council is saying that not all parking tickets are created equal and there are some violations that are more severe than others; the fire lane one being more severe than parking too close to a stop sign or a driveway or something like that.

COUNCILMAN BROPHY asked if there is a way to define those if COUNCILWOMAN QUILLMAN wants those to have a higher penalty.

The City Manager said we will get the menu of all of the violations that we have and if the Council sees any others that might deserve an enhanced penalty, we can certainly add that.

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The City Manager received some new information at this point and said the fire lane violation is already \$50.

COUNCILWOMAN QUILLMAN said she would like to raise that to \$100 then. She said she would like to make a motion or just put it on the next Public Safety Committee meeting agenda to raise the fire lane violation to \$100 because she thinks this is something that we need to look at because apparently people don't mind a \$50 fine.

COUNCILMAN GIARRANTE said he sees no need for this to come to the Public Safety Committee and he thinks these should be raised, but he doesn't know about \$100. He suggested that it be increased from \$50 to \$75 right now.

COUNCILMAN SHETINA said he would support that.

COUNCILWOMAN QUILLMAN said she would agree with the \$75 if we make this a non-negotiable fine with no hearing and no appeal. She said we lost about \$550,000 when people came to appeal their tickets because the hearing officer let these folks go, so she would agree with the \$75, but a fire lane ticket should be non-negotiable.

COUNCILMAN GIARRANTE said he agrees we may be letting a lot of people off, but there may be extenuating circumstances.

The Corporation Counsel said this subject has come up occasionally when judges have not imposed significant fines on some of our traffic and housing enforcement cases, and we've looked into it, and it is within the Council's right to establish a minimum fine or to specify a fixed fine, so if we're going to amend the fine amount for fire lane violations, we could say that they are \$75 and also take away any administrative discretion to modify that as part of a hearing process. He said it's just a fixed fine and the Council is authorized to do that. He said there will be times though when an appropriate hardship case might be presented to a hearing officer or a judge, and it might not be in the best interest to fine that person \$75, and that's why there's usually a built-in flexibility. He said if a ticket does go to court, a judge every once in a while may throw it out because it would seem excessive under the circumstances.

COUNCILMAN SHETINA said he would entertain getting rid of the hearing officer altogether and if they want to go to court, let them go to court.

COUNCILMAN GIARRANTE asked what the downside of that would be.

The City Manager said there are multiple court costs that are now imposed, and those can sometimes run into the hundreds of dollars, and in cases like that, judges are reluctant to pile on a fine on top of all the court fees that are due, so a lot of times when it does go to court, the municipality is losing revenue and there's a big loss of control and revenue if all of our cases do just go straight to the Courthouse as opposed to having a hearing officer. He said that was one of the issues for the implementation of the compliance ticket program when we were seeing some slippage at the Courthouse due to the heavy workload. He said his recommendation would be to continue the compliance ticket and the hearing officer programs. He said he knows there was a problem previously with revenue and the way tickets were handled, but we've had some of those issues

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addressed over the last six months or so, and we will look at some recent data and see how we're doing.

COUNCILMAN GIARRANTE asked that updates be given to the Council on the hearing officer decisions and the ones that didn't have to pay.

It was the consensus of the Council for an Ordinance to be prepared for the next meeting increasing the fine for parking in a fire lane from \$50 to \$75, from \$10 to \$30 for all other parking tickets, and from \$3 to \$10 for parking meter violations.

TAXING FUND SUMMARY

Mr. Brennan showed a summary of everything that was discussed over the last three weeks. He said what was presented was a 2010 budget that is structurally balanced and that assumes that the payroll variances in consideration are enacted.

COUNCILMAN GIARRANTE asked if those payroll variances are across the board.

The City Manager said for Local 44 (Firefighters), that variance agreement is in place and we have included those savings in the 2010 budget. He said we have a proposal for an adjustment in the contract for Local 440 (Public Works, Utilities, Clerical), and that is also included in the proposed budget. He said we've been very clear in indicating that we are hopeful we reach an agreement with Local 440 on adjustments to their contract, and if not, he will be bringing forward his recommendation for layoffs in that bargaining unit. He said we've identified a minimum of 26 positions, and those numbers could probably increase, and we're still working on that. He said we do continue meeting with Local 440 and he anticipates that we'll probably have a meeting before the budget is voted on next week.

COUNCILMAN GIARRANTE asked if we know what the anticipated savings would be with Local 440 if they agree to the variances.

Mr. Brennan said the estimated savings that we are projecting range from around \$1.2 million to about \$1.6 million in 2010.

The City Manager said their contract expires in 2012, so we would be looking in that \$3 million range in savings for that two year period, similar to what was agreed upon with Local 44.

Mr. Brennan continued that to be structurally balanced, this also assumes that there is a property tax increase of 24% which represents a 20% increase on the General Levy, but also takes away the abatement of the General Obligation Bond used for the Neighborhood Improvement Program which was funded with gaming funds in the past. He said it also includes the parking transfer based on the pension and the insurance payments that the General Fund makes for the employees in the Parking Fund.

Mr. Brennan said there are structural imbalances in future years, meaning that the revenues in 2011, 2012 and 2013 do not meet the requirements that we have in expenses for those three years, so even though we've reduced the shortfall that we had in 2012 from \$67 million down to \$17 million, there's still an imbalance in what we're projecting as revenues versus expenses. He said the

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bottom line is, the annual expenses will be exceeding the annual revenues for those three years.

Mr. Brennan said it was estimated back in November of 2008 that the projected shortfall in 2012 would be \$66,888,117, and based on the work that we've done over the last year, that shortfall goes down to \$17,8484,057 in 2012 if the budget is approved as proposed.

Mr. Brennan said there was some discussion on reducing the proposed tax levy increase, and the number used for the "what if" reduction in the increase was \$3 million. He said if we did that, the deficit by 2012 would be \$26.5 million, a \$3 million hit in the overall balance each year.

COUNCILMAN GIARRANTE said that assumes revenues and expenses stay on line and Mr. Brennan said yes.

The City Manager said the total proposed increase with the General Obligation Bond would be about an \$8.6 million increase over last year's tax levy. He said if that were reduced from a total of \$8.6 million to \$5.6 million, rather than having a projected deficit at the end of 2012 of \$17 million, we're probably more at \$26 million, which means we still have two or three years to keep working on that to try and make that balance. He said the good news in this process is that number 10 months ago was \$67 million, so if there is a more modest increase, it would get the projected deficit down to \$26 million.

FOUR YEAR BUSINESS PLAN SUMMARY – REVENUES/EXPENSES

Mr. Mihelich explained the summary of revenues and said from 2009 to 2010, most of the projections are flat. He said the economists have said that there's going to be a period of time in 2010 before things start to turn around, probably the latter half of the year. He said for 2011, 2012 and 2013, most of the revenues probably go up somewhere close to 3%.

Mr. Mihelich said on the expense side, last year we assumed a 6% increase in payroll, and this year we tried as best we could to look at every single person. He said there are also assumptions in there as to variance considerations and other things. He said with insurance, we used about a 10% projected increase, and there's a lot of things up in the air with the health care reform and that could have an impact. He said the pension expense is a big one, that's a 15% increase, and at some point we hope that starts to smooth out, but what we've seen over the last few years is much larger than 15%. He said this year was down a little bit but there was also a large market drop at the end of 2008 that's still going to be incorporated in the pension projections, so that's something for the next few years we definitely have to watch. He said it's one of the big key numbers up there; if those go in one direction or the other, those numbers change probably most significantly. He said there's a 4% to 5% increase in municipal waste, mainly for contractual considerations. He said there's about a 2% increase for remaining operations.

COUNCILMAN BROPHY asked for a list of the major expense items not being included.

Mr. Mihelich said there are several things missing in this budget, one being replacements for automobiles, trucks, ambulances and fire trucks. He said the dollar amount in prior years for replacement vehicles was about \$2.5 million.

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COUNCILMAN BROPHY asked about the number for computers and technology and radios.

Mr. Mihelich said the Police Chief has mentioned that our Motorola system is 11 years old and a replacement cost on that is about \$8 or \$10 million. He said some of the other things not in the budget as much as in prior years are things like the Neighborhood Improvement Program which is being suspended and used for operations. He said there are some capital funds available in the Motor Fuel Tax Fund, a small amount in the Block Grant funds and a little in Vehicle Road and Bridge, but not to the levels we've seen in the past years. He said those are the main items not in this budget right now.

COUNCILMAN GIARRANTE said by reducing the tax levy by \$3 million, that lowers the increase to 16%, is that correct.

Mr. Mihelich said that's correct.

COUNCILMAN GIARRANTE asked how much of a loss is it if we reduced it to 10%.

Mr. Mihelich said that's probably another \$2 million a year.

COUNCILMAN GIARRANTE said if we increased the sales tax ¼% that would be raising \$2.8 million.

Mr. Mihelich said that would assume that it stays at the same level that it is now. He said there are two things that will keep that from happening, one is that we couldn't implement it on January 1 as there's an administrative process that needs to be done before that, and the other thing that is a longer term concern is that it may keep some companies from moving here if their sales tax rates are higher.

COUNCILMAN GIARRANTE asked what the sales taxes are in the surrounding areas.

Mr. Mihelich said we have a home rule sales tax right now of 1 ¼%, some other communities have amounts less than that, some don't have one at all, so it really varies.

COUNCILMAN GIARRANTE said so first of all, it wouldn't amount to \$2.8 million because we couldn't institute it January 1.

Mr. Mihelich said that would be an annual amount, but it would be something less than that.

COUNCILMAN GIARRANTE said and there's a concern about other companies moving in.

Mr. Mihelich said it's a competitive advantage, if someone were to shop at our mall versus a mall in a neighboring community, they may end up saving on the sales tax. He said many of us would probably still continue to buy here because it's close and there's an offset, but for bigger ticket items it may pose a challenge.

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COUNCILWOMAN QUILLMAN said on Appendix A-1 in the budget, there is a line item for liquor revenues of \$215,000, and she asked if that is the liquor tax.

Mr. Mihelich said that's the liquor license fee.

COUNCILWOMAN QUILLMAN asked if we have a liquor tax or a cigarette tax or anything like that. She said maybe we could look at that and raise some money that way.

Mr. Mihelich said there is a food and beverage tax which is a percentage.

COUNCILWOMAN QUILLMAN said but isn't that for restaurants or does that include package liquor at the store or for groceries.

The City Manager said it covers package liquor sales and on-premise consumption.

COUNCILWOMAN QUILLMAN asked if we could implement a tax for package liquor and cigarettes as well and separate that from the food and beverage tax, make that a separate item.

The City Manager said we already have a 1% tax on package liquor that was adopted in 1984 or so.

COUNCILWOMAN QUILLMAN said but she doesn't see that in the line item, is that implemented in the food and beverage tax.

Mr. Mihelich said the food and beverage tax is split between the police and fire departments.

COUNCILWOMAN QUILLMAN said she was looking at that and also the credit card convenience fee of \$120,000. She said she's just looking at different things where we can generate revenue where it wouldn't fall on everybody, it would fall on those people that choose to drink and those people that choose to smoke, but not necessarily hurting the businesses. She asked if we can do something like that.

The City Manager said the State just did that, and we have a separate tax on package liquor and we can increase that tax if we'd like to. He said that's a policy call on the part of the City Council, but the State just did that, it was part of the capital bill that is funded with an increased tax on liquor that took effect September 1 and there are a lot of businesses that were advertising pre-tax increase sales. He said it's another tax on alcohol, and we have the authority to do it under home rule.

COUNCILWOMAN QUILLMAN said so that's what she was wondering, if we could do that, but she doesn't see the line item for the tax on the package liquor.

Mr. Mihelich said we budget half of that under the police protection fund which is on page A-4, and the other half under the fire protection fund, which is on page A-8.

COUNCILWOMAN QUILLMAN asked what is that tax currently.

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Mr. Mihelich said it's 1% for all prepared food and beverage. He said the total is about \$3.3 million.

COUNCILWOMAN QUILLMAN said so if we raised that package liquor tax, even if we did ½%, that's probably another \$1 million.

Mr. Mihelich said if it was just done on package liquor, it would be a much smaller percent, because the food and beverage tax also includes prepared food such as from restaurants.

COUNCILWOMAN QUILLMAN said she doesn't want to hurt the business owners, that's not her intent. She said she is proposing that it's something we look into. She asked whether we have a cigarette tax at all.

Mr. Mihelich said no. He said it's just a sales tax, there's not a separate tax.

The City Manager said our 1 ¼% home rule sales tax applies as well as the State sales tax. He said the state and federal government have heavy taxation on alcohol and cigarettes, but all of that money goes to them.

COUNCILWOMAN QUILLMAN said as home rule though, we could increase that.

The City Manager said we can.

COUNCILWOMAN QUILLMAN asked what we charge currently for rental inspections.

Director of Neighborhood Services Alfredo Melesio said there's an initial fee of \$30 per unit and we did implement an increase in the fees every two years until 2012.

COUNCILWOMAN QUILLMAN asked if we charge for missed inspections.

Mr. Melesio said there is a \$75 missed inspection fee.

COUNCILWOMAN QUILLMAN said so if the City comes back again and she hasn't completed the required work, and now the City is going to have to come back in another 30 days, do we charge for the second visit.

Mr. Melesio said yes, we do charge for the second visit, and if we have to continue to go back, the inspection fee goes up.

COUNCILWOMAN QUILLMAN said maybe we should look at increasing that, because she knows a lot of these rentals where we have to go back several times to inspect, they're either not home or they just ignore it or nothing has been done since the last inspection, and maybe we should increase those fines as well for the inspections to pay for our time.

Mr. Melesio said he can provide an entire breakdown of what happens after the third or fourth inspection.

COUNCILWOMAN QUILLMAN asked what is the line item for the inspection fees we collected last year.

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Mr. Mihelich said that's on page A-3, Systematic Rental Inspection. He said the fees were increased, and last year we collected about \$75,000, and this year it's going to be closer to \$130,000. He said next year it will probably go up even more because when we implemented it last year we didn't know what kind of impact it would have because we didn't know how many people were going to be affected by it, especially the repeat offenders. He said we made it a little more punitive for the ones that required those second and third trips.

COUNCILWOMAN QUILLMAN asked how much it would go up.

Mr. Melesio said he would have to check but it's not extreme.

COUNCILWOMAN QUILLMAN said last week we talked about Daybreak and giving them \$75,000 for services rendered, and she asked how many people did we actually drop off at Daybreak last year.

The City Manager said we can get those numbers for the Council.

COUNCILWOMAN QUILLMAN said the reason she brings that up again is because we have other homeless shelters in town, Morning Star Mission being one of them, and they haven't come and asked for any money, and she knows that they will take folks, they can't be drunk, but they will take folks if it's cold out and in fact they were going to help out last year when Daybreak said they were going to close if they didn't get money from the City. She said she's just wondering why we're paying for a service when there are other places that will take those people and we don't have to pay for it.

The City Manager said the City actually created Daybreak along with Catholic Charities and other concerned organizations and started a long-term relationship with them going back to about 1992. He said we have been a major contributor to Daybreak as has Catholic Charities and other organizations, and we have relied upon them to provide the cold shelter during the winter months. He said while Morning Star Mission did step up and offer to help us, they do have some rules that would preclude some people from being dropped off, and that's the challenge that we have because we're really not set up at the Police Department to house people who don't qualify to go to Morning Star Mission, for example, and he thinks when the people who work on this for us met with Morning Star, it was clear that they could help us, but it wouldn't be to the level of service that we receive from Daybreak. He said that's why the recommendation is to continue the relationship with Daybreak and continue our long-term commitment to them because frankly, it's a service that's needed, and if Daybreak were to cut out the cold shelter or pull back on the homeless shelter, either by closing completely or reducing the number of people it takes, it will have an impact on us, and we will have to step up at some point with the ensuing problems that will rise if Daybreak were to reduce it's services or close.

COUNCILWOMAN QUILLMAN said she has been getting a lot of phone calls and e-mails that people would rather have the City sticker come back and if we were to raise it say to \$40 or \$45 or whatever we were discussing, that for some people, their property taxes would be less, however, if it's spread out amongst the whole City, that would capture renters that don't pay property taxes, so it would include everybody that lives in the City of Joliet and not just the folks that actually do pay taxes, and that would lighten their load. She said if we increased it to what the staff said, it would result in \$1.3 million, and if we doubled it, it would be \$2.6 million, so from everything she has suggested today, if we could

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look at that, that totals almost \$4 million, and that's not even counting school crossing guards. She asked if the City Manager spoke to the grade school district because she did bring it to their board last week.

The City Manager said he spoke with their business manager and one of the board members. He said he's also got a message in with their Superintendent to continue the conversation.

COUNCILWOMAN QUILLMAN said because she noticed that they posted that they're going to raise their taxes as is the High School District as well.

The City Manager said he thinks when you look at all the black box ads that have been frequenting the local papers over the last three weeks, he thinks you're seeing everybody increasing their real estate levies by 10%, 18%, some as high as 30%. He said we get a lot more attention for some reason and he guesses we're more popular in the eyes of the Herald News, but we're probably doing what other taxing districts are doing or at least his recommendation is consistent with what other taxing districts are doing. He said a lot of towns are going through this and looking for the magic bullet to try and make these problems go away, and it's just not there other than plain old fashioned cutting, and we feel that we've cut a lot. He said all of these ideas that have been talked about today, those are all policy decisions for the Mayor and Council to make. He said if the Council thinks they'd rather have a City sticker and reduce the proposal on the tax levy, give us direction and we'll bring those ordinances back for a formal vote.

COUNCILWOMAN QUILLMAN said the reason she brings this up is because we just can't keep going to these people because some of them are not employed, the seniors aren't getting a raise from social security, and she doesn't know where people think these folks are going to get the money, it's just hard out there. She said some folks say if we were to raise these taxes, it will tax them right out of their homes, and so then we'll have more homes going into foreclosure because they can't afford it. She said she thinks we still need to look at every little thing before we even think about raising property taxes.

COUNCILMAN GIARRANTE said first of all, he would like to see those numbers and how COUNCILWOMAN QUILLMAN came up with over \$4 million in revenue, and secondly, he brought up the increase of the home rule sales tax, and he asked what that does and does not cover.

Mr. Mihelich said the home rule sales tax does not cover automobiles, they are exempt and we receive a flat \$7.50 fee, and we get the 1% State portion of the tax for those. He said unprepared food and medicine also do not fall under the home rule sales tax.

COUNCILMAN GIARRANTE said what about cigarettes and liquor.

Mr. Mihelich said all of that is collected.

COUNCILMAN GIARRANTE said so just by imposing that ¼% would cover a lot of things that were discussed.

Mr. Mihelich said it certainly would, and when we made our projection, we did it for an annual basis and what we did is take what the City is receiving now, and figured if there was another ¼% what that would add with no changes.

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COUNCILMAN GIARRANTE said and as COUNCILMAN SHETINA said, that would not be mostly on the backs of the citizens, it would be from a lot of people from outside.

Mr. Mihelich said it would be on anybody purchasing goods, whether they live in Joliet or outside the City limits.

COUNCILMAN BROPHY said he would like to ask his fellow Council members to consider some topics that are a little bit more difficult. He said he thinks listening to his constituents, folks expect us to get a little bit more creative on the expense side and he thinks they understand the difference between essential and non-essential. and he thinks they are defining police and fire as priority expenses, as well they should. He said he has been challenged and he challenged himself and he went to the budget book and talked to the staff about some possibilities and he would like to put them all before the Council, not all with a lot of detail, not with a lot of numbers behind them, but for discussion.

COUNCILMAN BROPHY said one idea would be the rental housing inspection program itself. He said he doesn't know how many people it takes to administer that, he'd like to know, but it is possible to collapse that program, eliminate those positions, assign violations to a police officer when a case occurs, and then non-compliant property owners would be sent directly to the Legal Department for a demolition decree. He said we can just collapse the program down from complaint to court. He said we instituted that to provide some fairness and to intervene at a point in time before a property became a problem, but by definition, it may be one of those non-essential programs we perform that can go by the wayside in a difficult time like this.

COUNCILMAN BROPHY said he also asked Director of Public Works Jim Trizna and Director of Community and Economic Development Jim Haller to detail for him the day to day job duties of engineers and planners. He said those positions were almost directly related to our geographic growth, and seeing that growth is significantly reduced, we should discuss the possibility of further reductions in the numbers of those employees as well.

COUNCILMAN BROPHY said 75% of the expenses in our budget are personnel compensation related, and without looking at those hard things, we're not going to make as much progress as we otherwise would. He said he doesn't know if it's possible to put numbers to those suggestions at this point in the meeting, but he would like to hear some of those numbers and then discuss them for possible implementation some time during 2010. He said he knows it's not fair to expect these things to be implemented January 1 when it affects families and jobs and so on.

MAYOR PRO-TEM TURK said he's also gotten a lot of feedback since our last meeting from the people who viewed the slides that the staff has put up. He said one of the things he has been hearing is that a 10% or 12% increase in real estate taxes might be palatable; the big thing the people he talked to hadn't had a problem with was the ¼% sales tax increase because of the fact that that doesn't include groceries or medications, and we could get close to \$3 million a year on that, although the first year might be behind a month or two.

COUNCILMAN BROPHY asked Mr. Brennan if he had any numbers off the top of his head on what he just proposed.

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Mr. Brennan said he'll have to go in and take a look at the numbers. He said we have the salaries broken down for each one of the divisions and for every employee. He said he would have to talk to the directors about it.

COUNCILMAN BROPHY said before we talk dollars, he needs to have a better description of what they do day to day. He said he would like staff input on prioritization and what effects there would be from such moves and then we can evaluate if the costs outweigh the benefits or vice versa.

COUNCILMAN DORRIS said with respect to the comments by COUNCILMAN BROPHY, he just wanted to state for the record that the rental housing program has been one of the stabilizers of this City. He said because we have such a high number of rental units, to take that away and put more of a burden on a Police Department that is already stretched to the limit because they have done a tremendous job of realigning, he thinks we really need to look at this and the benefit that we get along with the cost of running that program. He said he knows the rental inspection program has really helped us stabilize neighborhoods and put some teeth in those things and get people into compliance hearings. He said he thinks we should look everywhere to cut, he's not saying that, and we should look at it, but from the experience he's had, to remove that program is almost like putting hungry dogs in a meat house by not holding our landlords responsible. He said we've got some good landlords, but there are some who don't comply at all and without this program we'd have some serious issues.

COUNCILMAN GIARRANTE said he thinks everybody is coming up with ideas and trying to lessen the property tax increase, and he thinks we need to schedule another meeting. He said a lot of ideas have been thrown at staff and maybe they can come back with some numbers on how that would reduce the impact of the increase in property taxes.

PUBLIC COMMENTS

Mr. Bruce Renwick of 1508 West Acres Road said he thinks the Council needs to look to some extent at what their expenses are, and he asked about the decorative streetlights. He said we put in a lot of those and his question is do we need them all. He asked how much we pay for electricity and could we shut off every other streetlight on Midland, Glenwood, Raynor and other locations and he asked what would it save us. He said he doesn't believe ComEd maintains those so the City is paying an extra contract to maintain those lights.

COUNCILMAN GIARRANTE said he asked the Police Chief at the last meeting if it would have an effect on public safety and he asked the Chief to comment.

Police Chief Fred Hayes said we definitely feel that removing streetlights would have an impact on neighborhood safety, so we're very concerned about that; it does play a vital role to ensure the stability of neighborhoods and helps us keep everyone safe.

Mr. Renwick said he's not saying that we can save money without having some pain some place, but he thinks it's probably a lot less painful to shut off streetlights than it is to lay people off or to raise taxes.

COUNCILWOMAN QUILLMAN said a lot of that decorative streetlighting was paid for with grant money in the historic area.

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The City Manager said there was some grant money mixed in with gaming revenue to pay for that.

COUNCILWOMAN QUILLMAN said there was a comment made last week about turning off every other streetlight and she asked what was the answer to that.

The City Manager said we have about a \$3.1 million expense per year to operate the streetlighting system in Joliet. He said we have a contract with ComEd to maintain most of those streetlights, but not the decorative streetlights. He said on the ComEd contract, most of that cost is the maintenance part, not the electricity part. He said we'll get the Council the information explaining what it cost to operate the streetlighting system, if it's feasible to shut every other one of them off or shut them off every other day from a policy perspective, and what the cost savings would be on that. He said we do the maintenance of the decorative streetlights in-house.

Mrs. Jane Schmig of 508 Meadow Wood Drive said after the last Council meeting, many people called or e-mailed her and said they were with her, told her thanks for standing up for us, so we don't have people at the meeting, but it doesn't mean those people aren't thinking those things.

Mrs. Schmig said she had some ideas as a combination of those phone calls and e-mails she received so these aren't just coming from her and her husband. She said people are saying to her there is money to be found and she is asking where it is. She suggesting several cost savings measures including outsourcing the vehicle maintenance, transferring the expense and the responsibility of the school crossing guards to the schools, outsourcing a portion of snow removal, go back to the unions for possible concessions and restructure departments rather than immediately replacing people taking early retirement.

Mrs. Schmig also questioned why the school crossing guards receive unemployment compensation during the summer months.

The City Manager said we have not replaced any of the 32 police officers who have retired over the last 11 months, and there are 5 firefighters who have left our employment and we have not replaced those positions. He said we are not projecting filling any of those positions.

Mrs. Schmig asked about the policy for take home police vehicles.

Police Chief Hayes said the officers are not being paid when they enter the vehicle and leave from their private residences to drive down to headquarters to report for duty, but our policy requires them to respond to any emergency or police situation while they are in transit, so part of the benefit of the take home program is that the vehicle is in the neighborhood, there is higher visibility, but there is also an additional service there that the officer provides in return for that benefit, and that is responding to any type of emergency or police incident while they're driving from their residence to headquarters. He said once they arrive at the station to report for duty, they are compensated at that point.

COUNCILMAN SHETINA asked for an explanation of the snow removal process.

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The City Manager said we have several City owned snowplows that are driven by City employees; we also contract with a lot of the main contractors in the area that have trucks sitting idle during the non-construction season, and we ask them to do the cul-de-sacs in the newer subdivisions. He said the cul-de-sacs are very difficult to plow because there's no place to push the snow, so we outsource those to the local contractors that are willing to help us with that at an agreed upon hourly rate.

Director of Public Works Jim Trizna said we also create a winter set of hours where people are working around the clock and he explained the various shifts. He said we put out about 42 pieces of equipment during snow removal events, and when we have a big event, typically 4" or more, we'll call in contractors to help us work and clean cul-de-sacs, but it's very expensive. He said last year we only had to call the contractors out once, and it costs about \$50,000 each event.

COUNCILMAN SHETINA said Mrs. Schmig suggested that the school crossing guards be paid by the schools and put on their tax bill. He asked what it would take for the schools to take over the program; he thinks it's a \$490,000 bill for the crossing guards.

Chief Hayes said it's a pretty labor intensive program and its overall mission is to ensure the safety of the children traveling to and from school during the school day. He said we discussed at the last meeting that on top of that, it's an added safety factor for the children having the crossing guards as another vigilant person watching over the overall safety of the children. He said it's a program that is well designed and very difficult to turn over, but we have discussed the possibility of trying to create some pilot programs where we would pick a few schools, train the volunteers from the school, provide them the necessary equipment and then monitor the situation to see if that's a viable program. He said other communities have had some success in doing that.

COUNCILMAN SHETINA asked under whose aegis would they work.

Chief Hayes said they would be reporting directly to the school at that point.

MAYOR PRO-TEM TURK asked how many crossing guards there are.

Chief Hayes said there are 45 with two alternates.

COUNCILMAN SHETINA asked what is our position on parochial schools.

Chief Hayes said we've identified intersections where children are crossing, whether it's parochial or public, and if there's a safety concern, we do a traffic study to make sure that it's a location that is deserving of that kind of resource. He said there are some areas where they really need them.

COUNCILWOMAN QUILLMAN said so if it were to go back to the schools, and distributed evenly amongst Troy and Plainfield and Joliet, it would be around \$130,000 per school district.

The City Manager said assuming it's about equally divided, yes, but there are probably more corners covered in District 86 than in Troy or Plainfield.

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COUNCILWOMAN QUILLMAN said she just rounded it off, because they should all be responsible, she's not saying just put it on one school district, she just wanted to start with one school district to see what their thoughts were and to get the dialogue going.

The City Manager said we would probably break it down to a per crossing guard cost because that's the actual cost that would be incurred.

COUNCILMAN BROPHY said our only choice here is essential or non-essential as part of our public safety plan. He said if we choose that these positions are not essential, then we can eliminate these positions. He said we can't tell the school districts what to do, he imagines they and the parent groups may take up some action, but our decision here is essential or non-essential. He said we can take on that matter right now if we choose or we can discuss it later, but if we want to eliminate those positions, then that goes away. He said he thinks as far as bang for the buck, we know there are thousands of children crossing the street and we deploy strategic resources right there to guarantee their safety. He said quite frankly he thinks it's a great return on a tax dollar so he would never vote to get rid of the program.

COUNCILWOMAN QUILLMAN said again, she is going to reiterate this one more time for those that can not hear what she says, she is not opposed to eliminating any crossing guards, she is just asking for the schools to help incur the cost.

COUNCILMAN SHETINA said he also called some of the people at the Joliet Grade School District, and it's not a line item, it's not in their budget, but they're going to have to put that on the tax bill and people are still going to have to pay it. He said in no way can we relinquish that responsibility and give it to the schools, there's no way.

Mrs. Schmig said it would be nice to see Joliet working with all of the other taxing bodies, and the people she is talking to are not interested in a 10% or 12% increase, they're urging a 0% increase. She said everything that was recommended tonight really is an increase, whether it be a vehicle tax, liquor tax, cigarette tax, sales tax, there is nothing tonight that came from this chamber that said reduce it.

COUNCILMAN BROPHY said he talked about eliminating half a department and a couple of people from two other departments.

MAYOR PRO-TEM TURK asked the City Manager to put together all the cuts that have been made out of this budget until now for the next meeting.

The City Manager said he thinks the perception may be that we haven't made any cuts at all in these departments that COUNCILMAN BROPHY commented on, but in the Engineering Department, we have eliminated 4 Engineering Aide positions, 3 of them who were making more than the actual engineers, so that's a substantial savings, and without benefits, we're probably looking at about a \$400,000 savings. He said we are down 2 Planners on the Planning staff and that's about 1/3 of the staff. He said we have made cuts in all of those areas.

The City Manager said we did not touch the rental inspection program and we deferred a decision on bringing something to the Council for the reasons that COUNCILMAN DORRIS talked about. He said we do not have to have a rental inspection program, but we made that decision about 20 years ago and it has

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been effective in helping us combat the problem that we have with some landlords who are irresponsible, and it's a good program. He said can we cut it, absolutely, can we save a lot of money by cutting it, yes we can, but there will be a cost as far as the quality of the housing stock that we'll have to deal with and we'll have to find a better way of handling it with less. He said we can do that, but it's something we need direction from the Council on if we're headed in that direction.

COUNCILMAN SHETINA said isn't a lot of that subsidized with federal funds.

The City Manager said most of the program is paid for using Community Development Block Grant (CDBG) money, and that's a practice that started in 1977 or 1978.

COUNCILMAN SHETINA said so it's not our citizens paying that tax except what they pay to the federal government.

The City Manager said that's correct. He said the plan approved by the Mayor and Council a few weeks ago is on our website and shows all of the CDBG funds that we receive and where that money goes. He said part of that allocation goes into operating the Neighborhood Services Division.

MAYOR PRO-TEM TURK suggested that another budget meeting be held before this is voted on.

COUNCILMAN GIARRANTE suggested that a special meeting be held on December 17, 2009 to vote on it.

The City Manager said we can schedule a special meeting, but we can try to address all of these items at next week's Pre-Council meeting and if the Council is comfortable with the level of information given and feels comfortable voting the next night, that can be done. He said he envisions us coming back with a list of all the items here with a dollar figure attached to them, and the Council can give us direction at that point. He said we can then have any changes made and ready for final review on Tuesday.

COUNCILMAN SHETINA asked that staff quantify the potential dollar savings suggested today and see if there's any substance to any of the big numbers that were referenced. He asked staff to also bring back the menu of possible revenue sources. He said we're trying to reduce the 24% increase down as low as we can reduce it if in fact there's a reducible item and we can do that with a combination thereof. He said there's also a potential of taking some of the money out of the so-called rainy day fund and using some of that.

COUNCILWOMAN QUILLMAN asked the City Manager if he said he is going to meet with Local 440 on Monday.

The City Manager said he's not sure when, he had a conversation with the union president on Thursday who asked for some additional information. He said we hope to get that to them in a day or two, and his goal is to meet with him and his bargaining team before Monday or by Monday at the latest so he can report back to the Council how we did. He said we probably won't have any final decisions because these things do take some time, but what we've tried to do is create a sense of urgency that decisions do have to be made, and that we're at a point where the Council is ready to make decisions and we need their help too.

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COUNCILMAN SHETINA said and the Council has given direction as to the remedy.

The City Manager said yes.

COUNCILWOMAN QUILLMAN said she would hope that the City workers would just look at the whole picture and give it great consideration and great thought; other people have stepped up to the plate. She said she doesn't begrudge anybody their raises, but in these economic times, people just have to take a look at everybody and we just have to help each other. She said we have done everything possible that we could, we're looking at possibly raising more revenue, but she would ask that everybody take a look deep down inside because she remembers back in the 1980s when unemployment was about 26% in Joliet and her husband was a union police officer and they conceded a raise for 3 years. She said she is not saying look at long term, but she is just asking them to look inside themselves and kind of help everybody out.

COUNCILMAN BROPHY said the deadline we're under for the tax levy ordinance is the only deadline we really have here by the end of the year, is that correct.

The City Manager said yes, it must be approved and filed with both Will County and Kendall County by December 29, 2009.

COUNCILMAN BROPHY said so the most important item of debate is exactly how much we agree to raise, if at all, real estate taxes. He said the rest of these changes can still be implemented beyond that deadline and can be worked on beyond the deadline, so just to be clear, the budget is a working document but not a legal one, and the tax levy ordinance is our only deadline.

The City Manager said that is the critical one that needs to be approved and the question is what's the number we put in there. He said he has thrown a number out there, he knows it's very aggressive, but his charge was to try and bring back a structurally balanced budget and he's done that, but obviously it's at a very high penalty, and that penalty is a substantial tax increase. He said if we look at some of these others, that's fine, COUNCILMAN BROPHY talked about some more cuts, that's fine, and we can put a budget in place and work on that as we go through the year, so it's not a situation where we have to have everything done before the budget is approved. He said again, the budget is strictly a guideline and we've been as responsible as we possibly can in cutting in many areas; there's no community that has cut 100 employees like we have. He said he thinks we have done as much as we can in 2009 and we want to do more in 2010, but what we're asking for is a little bit of help from the taxpayers.

COUNCILMAN DORRIS asked if the negotiations with Local 440 is a major piece in the tax increase, and if we can get the variations, would that help us and how much savings would that be if we can do the same thing as we did with Local 44.

The City Manager said actually we have factored in one of two things in the 2010 proposed budget, and that's either contract variances from Local 440, or layoffs. He said it's one or the other. He said he has not brought a budget to the Council that keeps the current complement without variances. He said as a staff we have identified at this point 26 positions that would be eliminated and he believes there

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will be some more because if we don't go the full tax increase, we're probably looking at addressing more positions than that.

COUNCILMAN DORRIS said one of the issues he had is that someone on the Council has told 440 that we're bluffing and that we will not make these cuts. He said this Council is not bluffing, and he thinks it's really egregious for someone to sit with us and then go back and tell the unions that we will not make those cuts, and he really wanted to address that tonight because we can't do that. He said as COUNCILWOMAN QUILLMAN said, the unions need to look in their hearts and say we need to do some things to keep our people working, but also we can't have someone sitting here with us going back and telling them we won't do that. He said Local 44 has made variations and some of the other unions have, and 440 is not going to get away with not doing anything. He said they're either going to make the variations or we're going to cut, and he thinks this Council is set to do that. He said he doesn't think we're willing to pass it on to the taxpayers so that 440 continues to go on and not make cuts in that union when we've asked everybody else for variations.

Mrs. Kathleen Boucher of 110 Rebecca Road said she doesn't want any new property taxes, new sales taxes, no new real estate taxes and no new vehicle sticker charges. She said these all come out of their pockets which then ties up some discretionary income that they would like to spend generating revenue for the City in restaurants and at the stores, so let's go at this with no new taxes of any sort.

Mrs. Boucher said we have some given expenses really driven by payroll which is fine, we don't want to cut positions any more than the Council does, but we do have a reserve fund. She said we can have no new taxes and decrease the reserve fund, apply that towards covering expenses in the short term, and then rely on the revenue generated from CenterPoint in future years to support the infrastructure that we have in place and approach it that way.

Mrs. Boucher also suggested several cost saving measures including lifting the smoking ban on the casinos.

The City Manager said the health providers in this state made a very strong case based on health issues and a lot of doctors were very active in trying to promote a smoking ban that would apply across the board. He said that decision was made by the legislature 2 ½ years ago, and we're nearing the 2 year anniversary, and it's something we've come to live with.

Mrs. Boucher also suggested selling naming rights to the Pace buses or have advertising in the bus shelters.

MAYOR PRO-TEM TURK said that's probably all regulated by PACE and any revenue generated would go to PACE.

Mrs. Boucher said she would just like to see us somehow stay the course by dipping in temporarily to the reserve fund and then bolstering that back up in future years as the economy improves and as the intermodal grows.

COUNCILMAN SHETINA said the \$19 million reserve is a big number, and he asked the City Manager to explain why we aren't going to throw the entire \$19 million out the window while we might utilize some of it.

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The City Manager said if there were no real estate tax increases programmed into the 2010 budget, then the reserve fund would be reduced from about \$19 million to about \$11 million. He said there's a couple of problems with that, one is we have to have money on hand to cover unexpected occurrences. He said we also need to be able to show strength and financial stability when we go out for a bond issue some day. He said if we have a project, the bond issuers are still looking for very solid financial backing of the municipality, and the generally accepted theory is that we should have 25% of our operating fund on hand at all times, and in our case that would be about \$45 million. He said we are far short of that, we need to aspire to get there, and he thinks if we go from \$19 million down to \$11 million, it's a fairly substantial step backwards, and he doesn't think we can count on any new business over the next three years to help replenish that.

COUNCILMAN GIARRANTE asked how important is a reserve fund when it comes to a bond issue.

The City Manager said it really is something that bond houses will look at when it comes to ratings, and our rating is important. He said several factors go into creating our bond rating, and one is reserve funds on hand, and that's why it's important for us.

COUNCILMAN BROPHY said we need to go one step further though; the EPA has ordered us to complete the CSO (Combined Sewer Overflow) project, and that \$40 or \$50 million requirement is sitting out there and we intend to borrow money for it. He said if we don't borrow money for it or can't borrow money for it, then the court may force us to put that on a bill.

The City Manager said that would probably come in the form of an increase to the water and sewer rates because that would be how the courts would look at a municipality as far as raising the money to pay for a CSO project. He said we hope to go get a grant or a zero percent loan from the state and federal governments, but we may have some financial obligation, and if we do have that, our bond rating will be in play and will be very important.

COUNCILMAN BROPHY said other than that then, can we take the attitude of who cares about our bond rating.

Mr. Mihelich said there are other factors involved, things like cash flow for instance. He said property taxes don't come in evenly throughout the year, they don't really start coming in until about June, so we still have to fund those first 5 months, and while we're in a pretty good situation now, we can pay our bills, we would be putting a lot of strain on the system if we didn't have some of those reserves to rely upon. He said the other thing too that the bond people look at are our revenues and expenses and how those match up, and there is a difference between the amount of money coming in and the amount of money going out, and with this year's budget that would be about even, but if everything stayed the same through 2011, that structural imbalance is out of place.

COUNCILMAN SHETINA said we're talking about \$19 million and if we use some of that to fund ourselves this year, what happens next year.

Mr. Mihelich said next year we would wipe it all out.

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COUNCILMAN SHETINA said that would be one of the most irresponsible things we could do is to spend the money in the rainy day fund which at one time was \$25 million. He said we are looking to solve the problem in other ways.

COUNCILMAN GIARRANTE said we're already 100 employees down from 10 months ago and our budget is 74% personnel, and if we don't have the money to pay them, we have two options, either raise taxes, or lay off people, it's as simple as that.

Mr. Tom Boucher of 110 Rebecca Road said 75% of expenses are for personnel, and he's not an advocate of people being laid off, but it struck him that the comment was "If we don't get a concession, then these people will be laid off", and he asked why are they there in the first place.

The City Manager said the question is do we have too many employees. He said we have seen incredible growth in Joliet, 20 years ago we had a population of about 76,000 people, today we're at 152,000 and we've added miles of roads and water and sewer lines, additional fire stations, an additional police station, a new library, a lot of things were added to the community, and we've had to build up the organization, and that's what's been done. He said he thinks now as he sees Aurora, Peoria, Rockford, Elgin, Waukegan and other towns cutting back, the question has been posed, can we cut back more, and the answer is yes. He said we have built that into the budget that if we don't have some cooperation from one particular bargaining unit, he's prepared to do that, but he wants to go through this bargaining process, and if we reach the end and we're at impasse, then he knows what he has to do, so we have set the budget up so that if you're advocating more personnel cuts, we've set it up that way. He said he is hoping that we don't have to get there because he thinks we will be able to reach a compromise and make it happen, but if we don't we're ready to move in the direction we need to.

COUNCILMAN GIARRANTE said that union has two more years on their contract and they have certain raises coming. He said it would be different if they didn't have that and we were in the process of negotiating and we could tell them we don't have any money, so that's why we have to sit down and ask them to make some compromise.

Mr. Boucher said he would recommend looking at those figures and the 75% ratio and taking a hard look at that and look into the future. He said that seems to be unsustainable.

The City Manager said he doesn't disagree. He said when you look at the number and pensions going from \$26 million to \$40 million in 4 years, it's a State law that obligates us to pay the pensions, and we are trying very hard to fulfill our obligation under State law, and we will do that, unfortunately from a fiscal perspective that number is growing dramatically and we have to be able to respond to it. He said that number will be half of the payroll and half of what we pay in salaries by the time we get to 2013.

MAYOR PRO-TEM TURK thanked everyone for being here and confirmed that the next budget meeting will be immediately following the Pre-Council meeting on December 14, 2009.

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COUNCILMAN DORRIS moved that the Council adjourn at 6:30 p.m.

Motion seconded by COUNCILMAN GIARRANTE.

Motion carried by the following vote:

AYES: COUNCILMEN BROPHY, DORRIS, GIARRANTE, COUNCILWOMAN
QUILLMAN, COUNCILMAN SHETINA and MAYOR PRO-TEM TURK.

NAYS: NONE.

ARTHUR SCHULTZ
Mayor

JANET K. TRAVEN
City Clerk

Recorded on Tape