

***Proceedings of the Council of the City of Joliet, Illinois
held on the 25th day of February, A.D. 2008***

SPECIAL MEETING of the Council of the City of Joliet, Illinois held on Monday, February 25, 2008 at 4:00 P.M. in the Council Chambers, Joliet Municipal Building, 150 W. Jefferson Street, Joliet, Illinois called for the purpose of reviewing the proposed 2008 Budget.

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 and DISTRICT 3 COUNCILMAN ANTHONY UREMOVIC.

ABSENT: DISTRICT 5 COUNCILMAN WARREN C. DORRIS and COUNCILMAN AT LARGE MICHAEL F. TURK.

ALSO PRESENT: CITY MANAGER JOHN M. MEZERA, DIRECTOR OF MANAGEMENT AND BUDGET KENNETH R. MIHELICH, DIRECTOR OF FINANCE HUGH BRENNAN and BUDGET ANALYST CARL MCCANN.

The City Manager continued with page 8 of the 2008 budget message regarding the four year Comprehensive Financial Plan. He said it's very positive to be able to look out four years and see that you have financial strength for that long. He said last year the Council increased the Development Impact Fee and refuse collection fee through 2010. He said the financial plan indicates that you should extend the \$3 monthly increase for refuse collection in 2011. He said we should try to keep the annual increases in revenues over the next three years in the range of 7%.

COUNCILMAN UREMOVIC asked if that would call for an increase in real estate taxes.

The City Manager said no, not at all. He said everything in the budget is predicated on leaving the rate right where it's at now at \$111 per \$10,000 of AV (Assessed Valuation) for the next four years.

The City Manager said also as you look at your expense for the next four years, you should keep them in that same range at 7% or 7.5%. He said if you do that your revenues are going to be sufficient to carry you through that period of time. He said if you find that you have unusual expenses that run you up to 8% or 9%, then you need to be making some adjustments somewhere along the way, either in additional revenues or trying to reduce those expenses.

The City Manager explained the impact of the reduction in new construction in 2006 and 2007 that is likely to continue in 2008 with regards to permit fees, which includes permits, development impact fees, tap on fees and real estate transfer taxes. He said we are anticipating the total 2008 permit revenue to drop another 18% below 2007 levels, with revenues being reduced from \$18.9 million in 2005 to an estimated \$12.4 million in 2008.

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The City Manager said most of the big construction items in the utility department are done, and you only have one bond issue to go, maybe a \$30 million bond issue for the CSO (Combined Sewer Overflow) Program, and the debt service for that issue should you decide to do that this year is already built into the sewer and water budget.

COUNCILMAN UREMOVIC asked if the staff has looked into the federal grant money that is going to be available.

The City Manager said the Director of Public Utilities has made some phone calls and talked to some people, and how much of that is going to be available to the various sized cities is not known yet at this point.

COUNCILMAN UREMOVIC asked for a summary of what has been done so far and if we should individually get involved in contacting our Senators and looking for some of that money. He said instead of using taxpayer money, we should be using that federal money that's available, so we need to aggressively go after that.

The City Manager continued with revised page 9 and explained the Development Impact Fee analysis which showed an average fee of \$1,100 when the program began in 2003 and a fee of \$2,000 in 2007, and he said that brings in a considerable amount of revenue, about \$2.2 million when commercial is included. He said those will go up from 2007 to 2010 and you already approved those increases last year.

The City Manager said the relocation of Fire Station No. 3 will occur in 2008/2009. He said we've gone over that relocation probably 5 or 6 times, and we always come back to the same location for Station No. 3 which is on Rowell Avenue somewhere in the neighborhood of Schweitzer, so it's on the east side of Route 53. He said some day there will be another one on the other side of Route 53, but that will be quite a ways into the future. He said Station No. 11 on the far west side is scheduled for construction when the growth starts kicking in again, maybe 2011 or 2012. He said we really have a lot of space yet to build out around the current station, so you may have 4 or 5 good years with the existing station before you have to build Station No. 11 out there.

The City Manager said regarding Riverboat Gaming Revenues, we've indicated that we have an additional \$2.6 million by going over the multi-year plan and pulling any of the small surpluses from year to year back into the plan, so that gave us a little bit more money there that we discussed at the last meeting.

The City Manager continued with revised page 10, a detailed breakdown of 2008 riverboat gaming distributions, with the first item being the Neighborhood Improvement Program. He said last year the NIP was at \$5.6 million, and this year it's at \$6.6 million, and we had talked about taking that \$1 million and setting it aside along with reserves of \$850,000 for the Special Service Area and \$1.8 million of gaming revenues, so there is \$2.8 million of reserve in this program, and we suggested it would be a good idea to just leave that there until July or August and see how the gaming funds are coming in.

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The City Manager said most of the items in the riverboat gaming distribution are similar to last year and he explained the infrastructure development. He said there is an increase of \$20,000 for the Daybreak Homeless Shelter to pay for a plumbing renovation.

MAYOR SCHULTZ asked if we can guarantee these distributions and these amounts.

The City Manager said yes.

MAYOR SCHULTZ asked what would happen if riverboat gaming revenues went down.

The City Manager said if the revenues stayed down about 18%, the reserves that you have of \$2.8 million would still cover that, so we're in good shape now even if they come in at the low level. He said a 7% reduction is already built in, so let's say it goes down another 10%, that's about \$3 million and you've got almost \$3 million not counting that Special Service Area reserve, so he thinks you've got enough should it continue. He said it's not going to continue down 17% for the rest of the year because we had a pretty bad January and that was a big impact, plus they adjust their marketing whenever they have a downturn.

MAYOR SCHULTZ said so you're saying we can guarantee this.

The City Manager said unless something happens more than the 17% or 18% reduction, and if it was something more than that that we couldn't foresee, we'd probably have to take a look at some of these things again, but you would know that after a couple of months and you could make an adjustment if you had to.

COUNCILMAN BROPHY said there was a request by Stepping Stones for additional funding.

Executive Director Peter McLenighan of Stepping Stones was present with their request for funding for assistance in the rehabilitation of their newly purchased building at 1620 Plainfield Road to bring it up to licensure standards so they can expand their substance abuse treatment services.

COUNCILMAN BROPHY said one of the things we like to see is that all of the dollars are going into brick and mortar, computers and hardware, and not for operations. He asked where exactly the funds would be going.

Mr. McLenighan said we understand and respect that approach. He said the new building became available and we pursued it because we've completely outgrown our existing property and we have a constant waiting list for services. He said we're trying to position ourselves that if a source of operating funds becomes available then we're ready, because we all know that if you aren't able to respond to that, then you miss out completely.

Mr. McLenighan said the last capital project we had of this nature was 15 years ago. He said Stepping Stones served 867 people last year in total with 335 of them from Joliet. He said the next closest municipality was Lockport or Bolingbrook where we served 42 people, and we serve people from all over the State, but we only served 17 people from Chicago. He said Joliet is our home base and really the City that we serve primarily.

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COUNCILMAN BROPHY asked if he has asked any of the other municipalities for help.

Mr. McLenighan said we used to when we had revenue sharing, but not any more. He said we haven't been able to get anything from those municipalities. He said we understand and respect that we need to raise our own monies too, and we've received about \$35,000 to date for this project from private donors and we'll continue to work that, so we know it's not Joliet's problem so to speak, but his job is to go where he thinks revenues are available, and that's why he's here.

COUNCILMAN SHETINA said you're asking for \$40,000 in 2008, \$40,000 each in 2009, 2010 and 2011, and \$25,000 in 2012, so you're asking for an additional \$168,000 over a five year period. and it's all for bricks and mortar.

Mr. McLenighan said that's correct.

COUNCILMAN BROPHY said we've had a couple different methods of encumbering these kinds of funds and he asked how these would be encumbered.

The City Manager said whenever the City does make an allocation, the agreement we do says if for some reason riverboat gaming ends or we don't have enough revenue, we can not complete the out years, so you're going to have to kind of cover that in any of your dealings with banks or whatever. He said the City has not been in a position where it did not honor these, and we did have to stretch them out a little bit, but we always caught back up when the revenues came back and they were available again.

Mr. McLenighan said anything would be great, but he understands there are no guarantees in life.

The City Manager was directed to add another \$23,000 to Stepping Stones' riverboat gaming distributions for this year for a total of \$40,000 and to reduce the reserve amount by that amount. The additional request for \$40,000 each in 2009, 2010 and 2011 and the request for \$25,000 in 2012 will be included in those year's budgets for the Council's review and approval.

COUNCILWOMAN QUILLMAN brought up the funding request for \$100,000 from Big Brothers/Big Sisters of Will and Grundy Counties to help with its acquisition of a building at Plainfield Road and Taylor Street.

COUNCILMAN UREMOVIC said they had made a presentation to the Finance Committee looking for \$100,000, and the Committee took it under consideration and didn't make any recommendation and forwarded it right to the Council.

After some discussion, the City Manager was directed to put \$25,000 in funding this year and \$25,000 for next year for Big Brothers/Big Sisters for their capital campaign. The Council will revisit it again after that.

The City Manager continued with page 11 of the budget message and explained the major projected revenues including sales tax, home rule sales tax, income tax and real estate taxes. He noted that there is a projected increase of \$1 million for ambulance fees which is a conservative projection.

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The City Manager said at the bottom of page 12 are the expenses, and the personnel expenses are going to go up about \$4.5 million which include increases for salaries, overtime and new positions. He said some of the other major expense increases include pensions at about \$1.7 million, electricity for \$784,000, medical and insurance of about \$1.6 million and refuse collection of \$596,000 for a total increase of about \$9.3 million.

COUNCILMAN UREMOVIC said regarding salaries, you say you think it's going to total \$84 million. He said the Director of Management and Budget sent us a memo regarding overtime and salaries and in 2007 it will come out to a total of \$74 million. He asked for a breakdown and more detail of what is included in the different amounts for personnel expenses noted in the budget.

The City Manager continued with page 13 and said regarding the real estate tax levy, the Council again this year asked that it be held at \$111 per \$10,000 of AV (Assessed Valuation) and that's exactly where it is. He said we've had about a 12% growth in the AV so that will bring in an additional \$3.7 million in much needed revenue to support the budget.

The City Manager outlined the Financial Reserves that includes about \$30 million in the budget at this point. He said some are necessary for the future four year plan and some are not.

The City Manager continued with the 2008 Water and Sewer Budget and said it is similar to what it was in previous years. He said a lot of the projects have been completed so the budget is actually a little smaller. He said the actual 2008 budget is about \$58 million.

COUNCILMAN TURK arrived at the meeting at this point.

The City Manager explained the Water and Sewer expenses and the Wastewater projects being funded directly which include the Footing Tile Program in the Glenwood Manor neighborhood which will cost almost \$1.4 million, the CSO smaller portion, the Rock Run Interceptor Capacity Upgrades below I-80 and in that area which will cost about \$2.5 million, and new sewer improvements at Harwood and Scribner.

The City Manager said Water projects include water meters and meter replacement and a radio reading system. He said that's a good program because not only don't we have to go into people's basements, but you don't even have to go to their houses to read the meters; they're read by radios. He said there is the 1 million gallon east side elevated water storage tank and the northeast water supply main that's coming down from the Housing Authority's project down towards Route 6 to tie into that Edgecreek Estates neighborhood to give additional capacity. He said there's \$2.1 million in the budget for those two projects; that would be all the funding for the water supply main and part of the funding for the water storage tank; the other funding for that will be in the 2009 budget and that's when that project will be finished, in 2009.

COUNCILMAN QUILLMAN said she remembers distinctly that we passed \$2 million for the storage tank last year.

The City Manager said we took some of that money and said we should put in a water main because you want to get them better service in 2008, and the tank wasn't going to be available until 2009, so some of the original \$2 million was

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used for the water main. He said next year in 2009 we will have to add some more money to this, because those two projects together are going to cost probably \$3 million to get the tank and the watermain project done, and we've got about \$2 million in there this year, so in next year's budget we'll put in about \$1.9 million and that will complete that and the tank would be done.

COUNCILWOMAN QUILLMAN said but these folks aren't going to have relief this summer; it's not going to be until the fall.

The City Manager said the 2008 project will give them the additional capacity and the pressure that you're talking about.

The Director of Public Utilities said they will see a benefit with the new watermain that we're proposing to build, and we want to have that in service for the peak demand this summer, probably by July.

The City Manager said additional water projects include well rehabilitation projects, water distribution improvements and new well development.

The Director of Public Utilities said we're looking at two sites for a new well. He said we're looking to situate a well close to the current water treatment plants on Twin Oaks Drive and Ingalls Avenue so we don't have to build treatment facilities to be able to use the water.

The City Manager continued with page 15 of the budget message which he said is a recap of the Water and Sewer Development Program 2003-2010. He said one of the major projects is the Aux Sable Creek Basin Wastewater Treatment Plant which became operational in January of 2006 and also the Radium Compliance Program which came on line in late December of 2007. He said all of the 10 water treatment plants are operational and all on line and we're meeting our State standards now on radium removal. He said the only part of that project yet to go is the CSO Elimination Program that COUNCILMAN UREMOVIC was talking about earlier on whether we could get some federal funds for.

The Director of Public Utilities said he thinks there's an opportunity to get some federal funding, but before we can apply for funds we have to have an approved program, and we have an engineering contract out right now working with the plan and trying to get approval at the State level. he said once we have approval of the engineering plan, then we'll be able to proceed forward with a cost estimate and a schedule and we can apply for a grant.

COUNCILMAN UREMOVIC said when he spoke with Congressman Jerry Weller's office he was told that we should immediately contact Senators Obama and Durbin to let them know what we're looking for because we should get in line right now. He said he would encourage you to contact Congressman Weller's office immediately and get some guidance from them and let them know where we're at. He said these are two of the most powerful Senators in Washington right now, so now is the time to make that pitch if we want to have the federal government pick up that cost and not have the Joliet taxpayers do it.

The City Manager said we'll let them know what our needs are, but what the Director of Public Utilities is saying is to apply for a grant, it has to go through the Illinois EPA and you can't do that until you have an approved plan. He said we can let the Senators and Representatives know what our needs will be, and we can finish the engineering and hopefully those two things will come together.

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The City Manager said the CSO Elimination Project would require a bond issue of around \$31 million, and the debt service is already programmed into the budget for that. He said page 16 is just another summary of that program and then page 17 is the final budget summation and indicates what the budget will be. He said the Joliet Public Library Budget would be made a part of this budget, and their budget is about \$5.9 million and we've approved their request for a levy increase of \$421,812.

The City Manager asked Library Director Jim Johnston whether they have had to use the interim loan yet that the Council approved the other day.

Mr. Johnston said we have the ability to use the line of credit if the cash flow reverses on us. He said if it happens, it will happen in late April. He explained the decrease in State funding and said it is 1/15 of what it was 8 years ago. He also gave a status report on the Public Library and the increased uses of the main downtown library and the Black Road branch.

COUNCILMAN UREMOVIC raised several questions regarding some discrepancies in 2007 versus 2008 figures involving personnel, pension and hospitalization expenses, and he asked the Director of Management and Budget to provide him with a clarification.

MAYOR SCHULTZ asked if there were any increases in the 2008 budget for property taxes, user fees, sales tax or any other increases at all.

The City Manager said no there is not. He said it's a very good budget and you have a lot of reserves in here and we've predicated this on a bad economy, and if it gets worse, you still have reserve to handle that.

The City Manager suggested putting the budget on the agenda for the next Council meeting along with setting a public hearing date and placing on file the appropriation ordinances, and there were no objections.

COUNCILWOMAN QUILLMAN asked about the status of the meeting regarding pension funding.

The City Manager said he has suggested that the Director of Management and Budget meet with the pension fund auditors and have some administrative meetings and agree upon things like the net earnings and those kinds of things, so that when they come to the table at the Finance Committee meeting we agree upon certain things.

The Director of Management and Budget said he is working on setting up a meeting with their auditors and actuaries.

The meeting adjourned at 5:25 p.m.

ARTHUR SCHULTZ
MAYOR

JANET K. TRAVEN
CITY CLERK