# Council Questions/Comments and Staff Responses Report for November 12, 2013

*as of November 12, 2013 at 10:15 a.m.*

**WORK SESSION:**

**Alderman:** Robert Fazzini
**Item:** Park Naming Policy
**Question/Comment:** My preference would NOT to name city property after living people. The Joe Paterno situation at Penn State University is an example of the types of issues that might arise.

**CONSENT AGENDA:**

**Alderwoman:** Karen Schmidt
**Item 7C:** Change Order #1 for the Market St. Parking Garage Repairs in the amount of $10,083.08"
**Question/Comment:** Is there now the end of the repairs? Can you remind us of how much life we now believe the garage has with these repairs? The garage site sometimes figures into downtown redevelopment discussions. I would hate to see us have to put more money into this structure or not maximize the value of the money already invested in it.
**Staff Response:** All phases of the repairs to the Market Street parking facility have been completed. This change order is the final payment. As to expected life of the structure Walker Restoration, the City's consultant/engineer/designer, has advised us the garage would have 10-15 years of useful life with the completion of this work. However, this also presumes regular and necessary maintenance be performed during those 15 years.

**Alderman:** David Sage
**Item 7C:** Change Order #1 for the Market St. Parking Garage Repairs in the amount of $10,083.08
**Question/Comment:** Same as Alderwoman Schmidt's questions /comments above
**Staff Response:** All phases of the repairs to the Market Street parking facility have been completed. This change order is the final payment. As to expected life of the structure Walker Restoration, our consultant/engineer/designer, has advised us the garage would have 10-15 years of useful life with the completion of this work. However, this also presumes regular and necessary maintenance be performed during those 15 years.

**Alderwoman:** Karen Schmidt
**Item 7G:** Illinois Housing Development Authority Grant Programs
**Questions/Comment:**

1. When is a property considered abandoned as opposed to vacant? I can think of a few houses that have been vacant for many years (in one case, at least 20 years) that seem to meet the guidelines I found on the IHDA web site. IHDA website: http://www.ihda.org/government/documents/AbandonedPropertyProgram.FAQ@000.pdf
    a. **Staff Response:** The City follows the Illinois Municipal Code [65 ILCS 5/11-31-1 (d)] definition of "abandoned" property, which must meet the following criteria, which includes that the property is "vacant":
        (1) the property has been tax delinquent for 2 or more years or bills for water service for the property have been outstanding for 2 or more years;
        (2) the property is unoccupied by persons legally in possession; and
        (3) the property contains a dangerous or unsafe building for reasons specified in the petition.
2. How will we be identifying the properties that will meet these criteria, and may we suggest some for consideration?

a. **Staff Response:** Properties will be identified by staff field observation and knowledge of abandoned properties. Staff is always open suggestions from others of properties that might fit the abandoned criteria.

**Alderman:** Jim Fruin
**Item 7H:** City of Bloomington Health Care Plans
**Question/Comment:** The existing Health Care Plan is what many would refer to as a Cadillac plan. I am not aware of a single B/N employer that provides as rich of a Plan as we do. If a Staff member or Council member knows of one, please educate me. $400 deductibles and $20 Co-pays are extremely low co-insurance percentages. The existing Plan capably managed by our HR staff, is simply a product of past bargaining agreements, for which each of us have agreed to. Given our current day financial challenges, I hope we can work together with our valued employees to transition our Health Care Plans to be more in line with what our residents and taxpayers have for themselves. After all, they are the individuals paying the taxes to support these benefit rich Plans.
**Staff Response:** The attached document (Comparable City Health Plans As of June 30, 2013) was provided to Council as part of the October 14, 2013 Council packet. It was the last two pages of the Health Plan Overview (pages 11 and 12). The City generally has benchmarked its benefit levels to comparable cities for purpose of successful collective bargaining and to attract and retain employees with skill sets and experience relevant to that performed in city government. Bloomington's benefits are very comparable when examined in this light when the aspects of deductibles, out-of-pocket maximums, coinsurance and the amount of premium paid by the employee are taken into account.

Staff continues to examine benefit levels in light of private sector information and expects to continue to make adjustments through the future course of the collective bargaining cycle with the City's ten unions. Staff continues to weigh, for example, the viability and benefit of providing HSA or HRA accounts to employees which, in the private sector, typically subsidize the higher level of deductibles. Examples of this being accomplished in the public sector can be found in some of Peoria's and Rockford's plans as reflected in the attached document.

**REGULAR AGENDA:**

**Alderman:** Rob Fazzini
**Item 8A:** Economic Development Council of the Bloomington-Normal Area Property Tax Abatement Incentive Program and corresponding Memo of Understanding
**Question/Comment:** The clawback provision 1f in the MOU needs to have “In all cases” changed to “In all cases unless logic to the contrary dictates waiving the clawback provision.” The reason for this is that the retail incentive approved for Green Building, LLC (115 E. Monroe property) was approved without a clawback provision after the logic was explained at the June 10, 2013 City Council Meeting prior to a unanimous vote to approve.
**Staff Response:** The Memorandum of Understanding (MOU) has already gone out to the other government units for approval. The EDC is asking that the language in the MOU be consistent for all of the units of government.

**Alderwoman:** Judy Stearns
**Item 8A:** Economic Development Council of the Bloomington-Normal Area Property Tax Abatement Incentive Program and corresponding Memo of Understanding
**Question/Comment:** On the EDC proposal, my concern is for how transparent the proof of results will be. What measures will be open to the public regarding the criteria for success and the proof of that?
**Staff Response:** Each project that receives tax abatement will have to individually go before the City Councils/County Board/School Boards for approval. This means that each project will be vetted in the

public sphere. Furthermore, in the individual abatement agreements between Bloomington and each project, the city can call for whatever documentation/review measures they feel necessary to ensure that jobs/capital investment has indeed been created as promised.

**Alderman:** David Sage
**Item 8B:** Proposed 2013 Tax Levy, (City and Library) and Adoption of Estimated Levy
**Question/Comment:** Last year I seem to recall we had separate votes, first on the Library levy then on the combined Property Tax Levy. The Library increase represents a very small increase. What's significant is the Library regularly spends less than their approved annual budget. Those unspent tax dollars could be used to cover this, to avoid asking Bloomington taxpayers for this increase.
**Staff Response:**
Historical Library Budget financials:

- FY 2010 a positive balance of $271,164 (into Library Fund Balance)
- FY 2011 a negative balance of -$265,615 (out of Library Fund Balance)
- FY 2012 a positive balance of $295,539 (into Library Fund Balance)
- FY 2013 a positive balance of $407,029 (into Library Fund Balance)
    - The larger balance in FY 2013 is due to the union contract not being settled and the raises were pushed into the FY 2014 budget.

**Alderman:** David Sage
**Item 8C:** Proposed Funding Ordinance for the Police and Fire Fighter Pension Plans
**Question/Comment:** While I appreciate Staff's tremendous work for the Council, I'm still inclined to favor the 10-year approach. While I recognize the overall 5-year proposal savings, I believe the 10-year plan reduces the short-term pressure on our budget. This is important as we'll now be considering pension funding per our new policy, within all of the priorities of our large annual budget process.
**Staff Response:** If Alderman Sage would like to make an amendment to the Pension Funding Ordinance to change it to a 10-year phase in the amendment to Chapter 16 Section 46.2 the amendment should read "In the period from fiscal year 2015 through 2024, the City will move gradually from contributing to these pension funds based upon the statutory minimum required by law, to basing them upon the ADEC, with contributed levels based entirely upon the ADEC occurring no later than fiscal year 2024." This will have to be made as a Motion to Amend and then the motion will need to be seconded.

**Alderman:** Rob Fazzini
**Item 8C:** Proposed Funding Ordinance for the Police and Fire Fighter Pension Plans
**Question/Comment:** What is the primary assumption for funding the pensions that lead to the $1.6 million increase in pension funding in FY2015?
**Staff Response:** The State Minimum Contribution is increasing due to a change in the interest rate assumption. The State recommends the use of 6.75% investment rate assumption as opposed to the 7.25% as utilized by Tepher Consulting. The State based their recommendation on a recent investment experience study for Police and Fire pension plans. The Town of Normal just adopted the 6.75% interest rate and is increasing property taxes to fund the related increase in contribution.

**Alderwoman:** Judy Stearns
**Item 8C:** Proposed Funding Ordinance for the Police and Fire Fighter Pension Plans
**Question/Comments:** Thanks for sending me recently the actual dollar amounts contributed to the pensions, please tell me

1. What would be contributed this year as a dollar amount for each fund if we follow the policy we are proposing?
    a. **Staff Response:** There was no analysis completed for FY2014 under the new proposed funding ordinance as it is slated to begin in FY2015.

2. Please explain how we are being fair to future generations (a stated goal) if we are actually increasing our deficit for each fund for the next few years?
    a. **Staff Response:** The adoption or change to new conservative assumptions will not only cause contributions to be re-calculated but the funded/unfunded portions of the plan as well. In the early years of the proposed changes the funded ratio will decrease slightly until the full change in assumptions are phased in. In adopting these assumptions, the taxpayers will not have to fund increases of between approximately $22,000,000 in three budget years in the late years of the State Minimum Plan.
3. What is the expected actual pay out this fiscal year to cover only the actual expenses for the current year for each fund?
    a. **Staff Response:** The payout for the actual or normal costs of the FY2014 pension contributions are: Fire - $2,280,924 and Police - $2,676,172.
4. What are we proposing or doing to decrease the pension payouts in the future? Some cities are looking at transitioning into plans that are more commensurate with the private sector?
    a. **Staff Response:** The Police-Fire and IMRF pension are mandated by the State the City cannot make any changes to plans. A school of thought would be to lobby the State Legislature to make changes to benefit plans. Also, OPEB is an unfunded mandate from the State. Meaning we don't provide retiree medical benefits but the State mandates that retirees can buy from our plan. This creates a liability for the City because Retiree Claims Paid do not mirror the group negotiated rate the City pays.
5. Recently I asked for a complete list of employees for the last 5 years, including full time, part time, seasonal, paid interns, and other employees understanding that all of these employees are not eligible for pensions or benefits. Still, it is vital information, should be simple to retrieve, and I would appreciate a response.
    a. **Staff Response:** Human Resources has transitioned to reporting actual budgeted positions versus employees on payroll for inclusion in the City Manager's Monthly Report. Previously a report would be run and the data was relative to the "date in time" the report was run with respect to the number of employees on payroll and eligible for work. The employee count fluctuates each pay period as employees are hired and leave our employment. Requests for past history for a specific period of time can be calculated by hand and through data reports. In addition, reports can be generated based on the number of employees "paid" in a particular pay period. When comparing these two methods the number of employees will differ because seasonals may not work every pay period or inactive employees may be activated to pay negotiated retroactive pay. Retrieving historical data will be time consuming and may not reflect the number of employees eligible to work. Staff is willing to work with Council to determine what type of information would be most beneficial going forward and the timeframe needed. It seems wise to look at actual numbers of City of Bloomington employees being placed on IMRF pensions and eligible for OPEB as well.

**<u>GENERAL COMMENTS:</u>**

**Alderman:** Scott Black
**Comment:** I am unable to make it to any meetings on the $12^{th}$ prior to 7PM as I have a prior commitment.

Prepared by: Barbara J. Adkins, Deputy Manager

# Comparable City Health Plans

## As of June 30, 2013

| City | % Paid by Employee | Deductible Single/Fam. | Out of Pocket Single/Fam. | Coinsurance |
|---|---|---|---|---|
| Aurora Plan A | 3% gross | $0/$0 | $500/$1500 | 90%/10% |
| Aurora Plan B | 3 - 4% gross | $0/$0 | $750/$2250 | 90%/10% |
| Aurora Plan C | 12.75% prem. | $250/$750 | $1000/$2000 | 90%/10% |
| Bloomington | 25% prem. | $400/$800 | $1400/$2800 | 80%/20% |
| Champaign | 0%/30% | 0$ | $1500/$3000 | 80%/20% |
| DeKalb | 3.5 - 5.5% base | $500/$1500 | $1000/$3000 | 90%/10% |
| DeKalb Fire | 0% (EE only) | $2000 | $2500 | 70%/30% |
| Elgin | 9 – 15 % prem. | $200/$600 | $3000/$6000 | 80%/20% |
| Joliet | 6 – 16% prem. | $250/$500 | $1000/$3000 | 100%/0% |
| Normal | 0% Sing. | $50/$150 | $1500/$2000 | 80%/20% |
| Peoria Plan A* | 10 – 16% prem. | $500/$1000 | $1500/$3000 | 80%20% |

# Comparable City Health Plans

## As of June 30, 2013

| City | % Paid by Employee | Deductible Single/Fam. | Out of Pocket Single/Fam. | Coinsurance |
|---|---|---|---|---|
| Peoria Plan B* | 5 – 8% prem. | $2500/$5000 | $2500/$5000 | 100%/0% |
| Rockford Plan A | 4-7% prem. | $400/$1200 | $1200/$3600 | 90%/10% |
| Rockford Plan B | 4.2 - 7% prem. | $200/$600 | $1000/$3000 | 90%/10% |
| Rockford Plan C* | 0 – 1.6% prem. | $1500/$3000 | $3000/$6000 | 80%/20% |
| Springfield Plan A | 16 – 19% prem. | $100/$300 | $250/$750 | 85%/15% |
| Springfield Plan B | 0 – 28% prem. | $500/$2500 | $1000/$5000 | 70%/30% |
| | | | | |
| Average Excluding COB | 5- 14% | $466/$940** | $1570/$3273 | 85%/15% |
| COB | 25%/25% | $400/$800 | $1400/$2800 | 80%/20% |
| | | | | |
| **Employer contribution deducted when applicable. | | | | |

- *Employer Contributes $750/$1500 per year to HSA.