COUNCIL PROCEEDINGS
PUBLISHED BY THE AUTHORITY OF THE CITY COUNCIL
OF BLOOMINGTON, ILLINOIS

The Council convened in regular Session in the Council Chambers, City Hall Building, at 7:00 p.m., Monday, November 12, 2013.

The Meeting was opened by Pledging Allegiance to the Flag followed by moment of silent prayer.

The Meeting was called to order by the Mayor who directed the City Clerk to call the roll and the following members answered present:

Aldermen: Judy Stearns, Mboka Mwilambwe, Kevin Lower, David Sage, Robert Fazzini, Jennifer McDade, Scott Black, Karen Schmidt, Jim Fruin and Mayor Tari Renner.

City Manager David Hales, City Clerk Tracey Covert, and Asst. Corporate Counsel Rosalee Dodson were also present.

Staff absent: Todd Greenburg, Corporation Counsel.

PUBLIC COMMENT: Mayor Renner opened the Public Comment section of the meeting. He added that there would not be a response from the City under the Public Comment portion of the meeting.

Dan Donath, 3713 Gina Dr., addressed the Council. He thanked them, David Hales, City Manager, and Patti-Lynn Silva, Finance Director, for the Pension Funding Policy. This policy told the City where it was at today and where it was going in the future. This policy was a plan for the future. In 1993, the Illinois Municipal League encouraged legislation to change pension funding. The IPPFA, (Illinois Public Pension Fund Association), sued the state. Municipalities have to pay for this benefit. In 2008, the Council increased its contributions to the Police and Fire Pension Funds. The actuary used five (5) year smoothing. During the global recession, a number of police and fire pension funds had to sell investments to cover losses. The City's Police Pension Fund did not have to take this action. This fund was doing great. It appeared that the Council was willing to follow a different path. The Council's decision would effect future generations.

Alton Franklin, 508 Patterson Dr., addressed the Council. He had a few things on his mind. He addressed the change order regarding the Market St. Parking Garage. He suggested that the Council memorandum contain a summary sentence, (i.e. final payment, emergency, etc.) He also addressed the Pension Funding Policy. He cited five (5) year versus ten (10) year phase in for pension funding. A ten (10) year phase in would cost more. The Council has started movement on this issue. He believed that this was on the minds of the City's uniformed personnel.

The following was presented:

SUBJECT: Council Proceedings of October 28, 2013 and Work Session Minutes for January 18, 2012, November 9 & 10, 2012 and October 28, 2013

RECOMMENDATION/MOTION: That the reading of the minutes of the previous Council Proceedings of October 28, 2013 and the Work Session Minutes for January 18, 2012, November 9 & 10, 2012 and October 28, 2013 be dispensed with and the minutes approved as printed.

STRATEGIC PLAN LINK: Goal 1. Financially sound City providing quality basic services.

STRATEGIC PLAN SIGNIFICANCE: Objective 1d. City services delivered in the most cost-effective, efficient manner.

BACKGROUND: The Council Proceedings of October 28, 2013 and the Work Session Minutes for January 18, 2012, November 9 & 10, 2012 and October 28, 2013 have been reviewed and certified as correct and complete by the City Clerk.

In compliance with the Open Meetings Act, Council Proceedings must be approved within thirty (30) days after the meeting or at the Council's second subsequent regular meeting whichever is later.

In accordance with the Open Meetings Act, Council Proceedings are made available for public inspection and posted to the City's web site within ten (10) days after Council approval.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Not applicable.

FINANCIAL IMPACT: Not applicable.

Respectfully submitted for Council consideration.

Prepared by: Tracey Covert, City Clerk

Recommended by:

David A. Hales
City Manager

Motion by Alderman Fazzini, seconded by Alderman Black that the reading of the minutes of the previous Council Proceedings of October 28, 2013 and Work Session Minutes for January 18, 2012, November 9 & 10, 2012 and October 28, 2013 be dispensed with and the minutes approved as printed.

The Mayor directed the clerk to call the roll which resulted in the following:

Ayes: Aldermen Stearns, Mwilambwe, Schmidt, McDade, Lower, Fazzini, Sage, Fruin and Black.

Nays: None.

Motion carried.

The following was presented:

SUBJECT: Bills and Payroll

RECOMMENDATION/MOTION: That the bills and payroll be allowed and orders drawn on the Treasurer for the various amounts as funds are available.

STRATEGIC PLAN LINK: Goal 1. Financially sound City providing quality basic services.

STRATEGIC PLAN SIGNIFICANCE: Objective 1.d. City services delivered in the most cost-effective, efficient manner.

BACKGROUND: The list of bills and payrolls will be posted on the City's website on November 6, 2013 by posting via the City's web site.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Not applicable.

FINANCIAL IMPACT: Total disbursements information will be provided via addendum.

Respectfully submitted for Council consideration.

Prepared by: Tracey Covert, City Clerk

Financial & budgetary review by: Patti-Lynn Silva, Director of Finance

Recommended by:

David A. Hales
City Manager

Motion by Alderman Fazzini, seconded by Alderman Black that the Bills and Payroll be allowed and the orders drawn on the Treasurer for the various amounts as funds are available.

The Mayor directed the clerk to call the roll which resulted in the following:

Ayes: Aldermen Stearns, Mwilambwe, Schmidt, McDade, Lower, Fazzini, Sage, Fruin and Black.

Nays: None.

Motion carried.

The following was presented:

SUBJECT: Change Order for the Market St. Parking Garage Repairs in the Amount of $10,083.08

RECOMMENDATION/MOTION: That the Amendment to the contract with J. Gill Co. for repairs to the Market St. Parking Garage in the amount of $10,083.08 be approved.

STRATEGIC PLAN LINK: Goal 2. Upgrade City infrastructure and facilities.

STRATEGIC PLAN SIGNIFICANCE: Objective 2d. Well-designed, well-maintained City facilities emphasizing productivity and customer service.

BACKGROUND: On July 8, 2013, Council approved the bid of J. Gill Co., South Holland, IL, in the amount of $414,393, for repairs to the Market St. Parking Garage. On September 9, 2013, Council approved the bid of Union Roofing Co., Chenoa, IL, in the amount on $41,990, for the replacement of the Post Office roof at the Market St. Garage. A total of $550,000 was budgeted for both activities.

The plans and specifications for the garage repair were developed in spring 2012, and the extra work was not included in the July 2013 bidding documents. This Change Order reflects wear and tear of the garage between the time the plans and specifications were developed and the work was completed. This Change Order was reviewed by Walker Restoration Consultants, the engineering firm, retained by the City, and deemed necessary.

The breakdown of the Change Order is:

Repair existing top level traffic coating		$4,450.00
Replace expansion joint at level 3		$7,800.00
	Sub Total	$12,250.00
Credit for changing material used in stair well from traffic coating to a penetrating sealer		($2,166.92)
	Total Change Order Amount	$10,083.08

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Not applicable.

FINANCIAL IMPACT:

Market St. Garage Repairs Bid Price	$414,393.00
Post Office Roof Bid Price	41,990.00
Garage Repair Change Order #1	10,083.08
Total for both Activities	**$466,466.08**

A total of $550,000 was budgeted for both activities. The final cost will result in this project being $83,533.92 under budget. No change orders are expected for the roof replacement.

Stakeholders can locate the funding for the Market Street Garage Repair which included the roof replacement in the FY 2014 Budget in the book titled "Other Funds & Capital Improvement Program" on pages 106, 274 and 300. The funding source for the project is the Capital Improvement Fund-Buildings (40100100 - 72520).

Respectfully submitted for Council consideration.

Prepared by:	Robert F. Floyd, Facilities Manager
Reviewed by:	Mark R. Huber, Director - PACE
Reviewed by:	Barbara J. Adkins, Deputy City Manager
Financial & budgetary review by:	Chris Tomerlin, Budget Analyst Patti-Lynn Silva, Director of Finance
Legal review by:	Rosalee Dodson, Asst. Corporation Counsel

Recommended by:

David A. Hales
City Manager

Motion by Alderman Fazzini, seconded by Alderman Black that the Change Order be approved.

The Mayor directed the clerk to call the roll which resulted in the following:

Ayes: Aldermen Stearns, Mwilambwe, Schmidt, McDade, Lower, Fazzini, Sage, Fruin and Black.

Nays: None.

Motion carried.

The following was presented:

SUBJECT: Severance Agreement for Todd Greenburg

RECOMMENDATION/MOTION: That the Council authorize City Manager David A. Hales to sign and enter into a Severance Agreement with Corporation Counsel Todd Greenburg.

STRATEGIC PLAN LINK: Goal 1. Financially sound City providing quality basic services.

STRATEGIC PLAN SIGNIFICANCE: Objective 1d. City services delivered in the most cost-effective, efficient manner.

BACKGROUND: Mr. Greenburg has provided an extended and unique service to the City. He was hired by the City as Asst. Corporation Counsel on July 16, 1990. On August 1, 1990, he was promoted to Corporation Counsel for the City. During his tenure as Corporation Counsel, he represented the City in hundreds of cases in state and federal court. He personally briefed more than twenty (20) cases before the Fourth District Appellate Court of Illinois, and personally briefed and argued one (1) case before the Illinois Supreme Court. Mr. Greenburg drafted numerous ordinances during his twenty-three (23) years with the City, including innovative approaches to regulation of chronic nuisance properties which harm neighborhood property values, an ordinance regulating parolee group homes which was the first of its kind, and an ordinance prohibiting loitering under circumstances giving rise to a suspicion of selling illegal drugs. He routinely drafted and reviewed a wide range of contracts involving the City, including multiple collective bargaining agreements.

Mr. Greenburg has decided to retire from his position. In recognition of his extended service, staff recommends that the Council authorize Mr. Hales to sign a severance agreement for Mr. Greenburg.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Not applicable.

FINANCIAL IMPACT: Not applicable.

Respectfully submitted for Council consideration.

Prepared by: Emily Bell, Director of Human Resources

Legal review by: Benjamin E. Gehrt, Clark Baird Smith LLP

Recommended by:

David A. Hales
City Manager

Motion by Alderman Fazzini, seconded by Alderman Black that City Manager David A. Hales be authorized to enter into and sign a Severance Agreement with Corporation Counsel Todd Greenburg.

The Mayor directed the clerk to call the roll which resulted in the following:

Ayes: Aldermen Stearns, Mwilambwe, Schmidt, McDade, Lower, Fazzini, Sage, Fruin and Black.

Nays: None.

Motion carried.

The following was presented:

SUBJECT: Analysis of Bids and Approval of the FY 2014 Sump Pump Drainage Contract

RECOMMENDATION/MOTION: That the bid for FY 2014 Sump Pump Drainage be awarded to George Gildner, Inc., the pricing be accepted, in an amount not to exceed $100,000, and the Mayor and City Clerk be authorized to execute the necessary documents.

STRATEGIC PLAN LINK: Goal 2. Upgrade City infrastructure and facilities, and Goal 5. Great place – livable and sustainable City.

STRATEGIC PLAN SIGNIFICANCE: Objective 2c. Functional, well maintained sewer collection system and 5a. Well-planned City with necessary services and infrastructure.

BACKGROUND: This contract, (City Bid 2014 - 31), involves the construction of sump pump drainage systems throughout the City. Bids for the contract were received until 2:00 p.m. Monday, October 28, 2013 in the Office of the City Clerk. Four (4) bids were received and opened in the Clerk's Office. A bid tabulation of all bids was provided to the Council. Since the project involves the installation of sump pump systems throughout the City and all locations are not currently known, a contract for the entire budget amount will be awarded.

George Gildner, Inc.	**$101,470 (Low Bid)**
Mid-Illinois Mechanical	$115,830
Hoerr Construction Company	$136,865
Stark Excavating, Inc.	$206,795
Budget	$ 100,000

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: This work was advertised in the Pantagraph on October 14 and 21, 2013 and a pre-bid meeting was held at 1:00 p.m. on October 21, 2013 in the Public Works Department Conference Room.

FINANCIAL IMPACT: This is budgeted in the FY 2014 budget under Storm Water - Sump Pump Drainage (53103100 - 70554). Stakeholders may locate this in the FY 2014 Budget Book titled "Other Funds & Capital Improvement Program" on page 171.

Respectfully submitted for Council consideration.

Prepared by: Jim Karch, Director of Public Works

Reviewed by: Barbara J. Adkins, Deputy City Manager

Financial & budgetary review by: Chris Tomerlin, Budget Analyst
Patti-Lynn Silva, Director of Finance

Legal review by: Rosalee Dodson, Asst. Corporation Counsel

Recommended by:

David A. Hales
City Manager

Motion by Alderman Fazzini, seconded by Alderman Black that the bid for FY 2014 Sump Pump Drainage be awarded to George Gildner, Inc. the pricing be accepted, in the amount not to exceed $100,000, and the Mayor and City Clerk be authorized to execute the necessary documents.

The Mayor directed the clerk to call the roll which resulted in the following:

Ayes: Aldermen Stearns, Mwilambwe, Schmidt, McDade, Lower, Fazzini, Sage, Fruin and Black.

Nays: None.

Motion carried.

The following was presented:

SUBJECT: Extension of Fuel Agreement for Fleet Vehicles and Equipment

RECOMMENDATION/MOTION: That the Fuel Purchasing Agreement with Evergreen FS be extended for one (1) year and the Purchasing Agent authorized to issue a Purchase Order for same.

STRATEGIC PLAN LINK: Goal 1. Financially sound City providing quality basic services.

STRATEGIC PLAN SIGNIFICANCE: Objective 1d. City services delivered in the most cost-effective, efficient manner.

BACKGROUND: In 1999, the City fuel contract was let out for bid and awarded to Evergreen FS for a three (3) year period. From 2002 to 2008, the contract was extended in two (2) year intervals after checking with other vendors to see if the current vendor was competitive. On February 11, 2008, Council approved an extension with Evergreen FS until April 30, 2009. On December 9, 2008, a bid package was let out for the City's annual fuel purchase and only one (1) bid package was returned. At the January 12, 2009 Council meeting, the bid was opened and staff recommended the bid be awarded to Evergreen FS from May 1, 2009 to December 31, 2010 with four (4), one (1) year renewal options. On October 25, 2010 the first of four (4), one (1) year renewal options was approved by Council. This is the last renewal for the fuel agreement. The City will let out a bid for its fuel requirements in Fiscal Year (FY) 2015. Staff emphasized the best time to purchase fuel as November and December.

Evergreen FS is the only known vendor that can meet all of the current contract specifications. These services include, bulk fuel transport to the bulk tank at the Public Works fuel station, deliveries to various smaller fuel tanks at the parks, golf courses, emergency generators, and to fire apparatus at working fires. It also includes a fuel card to purchase fuel from local FS stores when the Public Works Department fuel station is out of service for maintenance. FS operates and maintains a local tank farm with the ability to deliver fuel from the tank farm to the City in the event of a natural or manmade disaster. The City used this service last winter during a big snow event when bulk fuel transports could not deliver fuel. Evergreen FS offers a fuel risk management program that allows schools, (a total of eighteen in the area), and municipalities, (Bloomington Normal Public Transit and Town of Normal participated last year), to pool their fuel purchases for volume discounts and guaranteed fuel costs. Evergreen FS provides fuel storage tank sampling and testing with storage tank maintenance recommendations at no charge to the City on an annual basis.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Not applicable.

FINANCIAL IMPACT: The FY 2015 Fleet Management Budget has proposed $1,509,961 for gasoline and diesel fuel for City vehicles and equipment. The $1,509,961 will be budgeted in the Fleet Management - Fuel (10016310 - 71070). Stakeholders can locate the FY 2014 budget for this line item account in the FY 2014 Budget book titled "Budget Overview & General Fund" on page 359.

Respectfully submitted for Council consideration.

Prepared by:	Jim Karch, P.E., Director of Public Works
Reviewed by:	Barbara J. Adkins, Deputy City Manager
Financial & budgetary review by:	Chris Tomerlin, Budget Analyst Patti-Lynn Silva, Director of Finance

Legal review by: Rosalee Dodson, Asst. Corporation Counsel

Recommended by:

David A. Hales
City Manager

Motion by Alderman Fazzini, seconded by Alderman Black that the Fuel Purchasing Agreement with Evergreen FS be extended for one (1) year and the Purchasing Agent authorized to issue a Purchase Order.

The Mayor directed the clerk to call the roll which resulted in the following:

Ayes: Aldermen Stearns, Mwilambwe, Schmidt, McDade, Lower, Fazzini, Sage, Fruin and Black.

Nays: None.

Motion carried.

The following was presented:

SUBJECT: Illinois Housing Development Authority Grant Programs

RECOMMENDATION/MOTION: That Council approve the City's application to the Illinois Housing Development Authority (IHDA) for the Abandoned Properties Program (APP) and temporarily suspend application renewal to IHDA's Single Family Owner Occupied Rehabilitation (SFOOR) Program.

STRATEGIC PLAN LINK: Goal 1. Financially sound City providing quality basic services.

STRATEGIC PLAN SIGNIFICANCE: Objective 1d. City services delivered in the most cost-effective, efficient manner.

BACKGROUND: Council approved the City's application to IHDA in 2010 and again in 2012 for their two (2) year SFOOR grant program. The current grant term will end August 2014. Community Development requests a temporary suspension of this program due to staff retirement and time needed to train replacement staff.

In the interim, IHDA has recently introduced the APP grant for counties and municipalities within the state. Grant funds may be used for securing, maintaining, demolishing or rehabilitating abandoned homes. The maximum grant award is $75,000; however, a waiver of the maximum grant amount may be requested. The City must illustrate capacity, need and impact in order to be considered for this waiver. In no case may any grant exceed $250,000.

These grant funds would help offset City General Fund dollars expended for Code Enforcement and Community Development Block Grant (CDBG) Funds expended for demolition activities. This program appears to involve less paperwork than the IHDA's SFOOR program, thus easier to maintain during staff training. Grant applications are due to IHDA by December 6, 2013.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Not applicable.

FINANCIAL IMPACT: Receipt of these funds would help offset some of the General Fund and CDBG monies expended on the maintenance of abandoned properties/lots; (i.e. grass/weed abatement, securing a property, demolition, etc.).

Respectfully submitted for Council consideration.

Prepared by:	Sharon A. Walker, Division Manager - Code Enforcement
Reviewed by:	Mark R. Huber, Director of PACE
Financial & budgetary review by:	Chris Tomerlin, Budget Analyst Patti-Lynn Silva, Director of Finance
Legal review by:	Rosalee Dodson, Asst. Corporation Counsel

Recommended by:

David A. Hales
City Manager

Motion by Alderman Fazzini, seconded by Alderman Black that the application to IHDA for the APP be approved and the City temporarily suspend renewal application to IHDA's SFOOR Program.

The Mayor directed the clerk to call the roll which resulted in the following:

Ayes: Aldermen Stearns, Mwilambwe, Schmidt, McDade, Lower, Fazzini, Sage, Fruin and Black.

Nays: None.

Motion carried.

The following was presented:

SUBJECT: Client Agreement with Blue Cross/Blue Shield of Illinois (Blue Cross) for Third Party Administrator (TPA) Services and Individual Stop Loss (ISL) Insurance for the Employee and Retiree Preferred Provider Organization (PPO) Health Plans; Client Agreement with Health Alliance Medical Plans (HAMP) for Employee and Retiree Health Maintenance Organization (HMO) Plan Option; Client Agreement with Blue Cross for TPA Services for the Employee and Retiree Dental Plan

RECOMMENDATION/MOTION: That the Client Agreements be approved and the Mayor and City Clerk be authorized to execute the necessary documents.

STRATEGIC PLAN LINK: Goal 1. Financially sound City providing quality basic services.

STRATEGIC PLAN SIGNIFICANCE: Objective 1e. Partnering with others for the most cost-effective service delivery.

BACKGROUND: This item was held over from the Council meeting of October 14, 2013. Since that meeting, the only item which has changed is the Individual Stop Loss for the PPO plan. Previously Blue Cross/Blue Shield quoted $53.72 per employee per month (PEMP). Mr. Sauder was able to negotiate a lower fee of $51.04 PEPM which has been included herein.

The City provides health, dental and vision options to its employees and retirees. The contract and plan years for these benefits are January to December. Employees and retirees have a choice between two (2) City provided health plans: a PPO plan and an HMO plan. All employees and retirees who choose either the PPO or the HMO plan are now either on the $400 deductible PPO plan or the $20 copay HMO plan. Sworn police personnel have an additional option of a union plan which is not a part of this memorandum. The City has used the broker services of Phil Sauder, Clemens and Associates, in procuring and assisting with these benefits and the group life insurance plan.

The PPO plan elements consist of medical and pharmacy claims, administrative fees and individual stop loss. The pharmacy benefit management portion of the plan is administered by Catamaran, a separate entity, and the contract for those services was approved by Council at the October 22, 2012 meeting.

The PPO plan is self-insured by the City whereas the HMO plan is fully insured. With a self-insured plan, the City holds the risk that the claims will not exceed planned expenses. Stop loss insurance covers some of this risk. In a fully insured plan, the insurance company holds the risk that plan expenses and a profit margin will be covered by the premiums charged.

Blue Cross PPO Administration: The City utilizes Blue Cross as its TPA, (Third Party Administrator), to administer its employee and retiree PPO health plan. Through the Administrative Services Only (ASO) arrangement the City's plan members have access to the Blue Cross provider network, provider discounts and a variety of services for members and to assist City administrative staff. ***For calendar year 2014, there will be no increase to the Blue Cross ASO rate***. It will remain at $47.43 PEPM.

Blue Cross also charges an Illinois Facility Access Fee enabling them to develop and maintain an extensive discounted provider network. The Illinois Facility Access Fee is based on Illinois inpatient hospital claims and is a percentage of the savings resulting from the Blue Cross discounting arrangements with the providers. ***There is no change to the Facility Access Fee for calendar 2014***.

<u>Individual Stop Loss (ISL) for PPO Plans:</u> Individual Stop Loss, (ISL), or reinsurance, insures the City in the event that any member of its PPO health plan incurs catastrophic claims during the plan year in excess of a certain dollar amount known as the "deductible". In 2012, the ISL deductible was increased to $155,000 from $145,000. Mr. Sauder and Blue Cross have analyzed the specifics of the City's PPO claims and ***recommended no increase to the deductible for 2014***.

The revised price for the stop loss of $51.04 PEPM is 9.6% over the 2013 rate. This represents a decrease of $13,346 in the projected annual cost from the quote presented at the October Council meeting. The stop loss covers medical claims paid through Blue Cross and not the pharmacy claims which are administered by a separate company, Catamaran. Last year the City through the request for proposal process awarded the pharmacy benefit management program to Catamaran which was the low cost responder. Blue Cross has explained that they will not provide stop loss coverage on pharmacy claims administered by other companies.

<u>PPO Total Costs:</u> The following shows the total projected plan totals for calendar years 2013 and 2014. The medical claims figures were developed by Blue Cross actuaries.

PPO - Medical Only - (non-pharmacy)

	2013 Plan Year	2014 Plan Year	Percent Change
Projected Enrollees	464	442	-4.7%
Projected Net Paid Medical Claims	$4,155,064	$3,907,139	-6.0%
Administration Fee	$264,090	$251,569	-4.7%
Illinois Facility Access Fee	$46,977	$44,928	-4.4%
Individual Stop Loss	$259,190	$270,716	4.4%
Broker Fee	<u>$9,500</u>	<u>$9,500</u>	<u>0.0%</u>
Total Projected costs	**$4,734,821**	**$4,483,852**	**-5.3%**
Recommended Change in Reserves	$18,555	$-4,629	-124.9%

Plan premiums need to include an amount for the pharmacy benefit. To cover the anticipated increase to pharmacy expenses, ***PPO premiums will increase 2.6% in 2014 over the 2013 premiums with the increase generated by anticipated increases in pharmacy claim costs***. Premiums are shared on average, as seventy-five percent (75%) by the City and twenty-five percent (25%) by employees. Retirees pay the full premium.

PPO - Full Monthly Premium Equivalents – Including Rx

Coverage Level	Number of Enrollees	2013 Plan Year	2014 Plan Year	Percentage Change
Employee Only	195	$549	$566	3.1%
Employee + One	89	$1,190	$1,211	1.8%
Family	122	$1,873	$1,923	2.7%
Medicare Primary - Single	27	$549	$564	2.7%
Medicare Primary – Ret. + 1	9	$1,061	$1,084	2.1%
Annual Total Projected Cost	**442**	**$5,590,116**	**$5,735,459**	**2.6%**

Health Alliance Medical Plan (HAMP) HMO: The City utilizes HAMP to provide an HMO health plan option to its employees and retirees. This is a fully insured product.

The HAMP HMO premiums are increasing 15.8% for 2014 over those for 2013. The high increase is due largely to claim experience and also includes a 3.7% increase to cover Affordable Care Act taxes. Based on 118 enrollees, the estimated total cost for the calendar 2014 plan year is $1,931,880. Staff anticipates that some employees currently enrolled in the HMO will switch plans given the increase so that total enrollment and total costs for this plan will be lower than projected here.

HMO - Full Monthly Premiums

Coverage Level	Number of Enrollees	2013 Plan Year	2014 Plan Year	Percentage Change
Employee Only	38	$571	$661	15.8%
Employee + One	16	$1,122	$1,300	15.9%
Family	64	$1,552	$1,798	15.9%
Annual Total Projected Cost	**118**	**$1,667,736**	**$1,931,880**	**15.8%**

Dental Plan: The City uses Blue Cross to administer its self-funded employee and retiree dental plan. Through the contract the City has access to a small local and nationwide provider network and the discounts which Blue Cross has negotiated.

The dental premium equivalents are comprised of an administrative fee and an actuarial projection of claim costs for plan participants. The following shows the total projected plan totals for calendar years 2013 and 2014. The dental claims figures were developed by Blue Cross actuaries.

Dental Plan

	2013 Plan Year	2014 Plan Year	Percent Change
Projected Enrollees	661	663	0.3%
Projected Net Paid Claims	$485,518	$470,279	- 3.1%
Administration Fee	$32,125	$32,222	0.3%
Total Projected Cost	**$517,643**	**$504,217**	**- 2.9%**

	2013 Plan Year	2014 Plan Year	Percent Change
Recommended Change in Reserves	$3,109	$1,716	-44.8%
Recommended Premium increase			**- 3.3%**

Dental - Full Monthly Premium Equivalents

Coverage Level	2013 Plan Year	2014 Plan Year	Percentage Change
Employee Only	$31.11	$30.08	-3.3%
Employee + One	$62.62	$60.55	-3.3%
Family	$94.80	$91.67	-3.3%

Due to the projected decrease in claims and no increase to the administrative fee, ***dental premiums will decrease by 3.3% for 2014 over 2013***. The City shares the costs of this plan equally (50%/50%) with its employees. Retirees pay full premium costs (0% City/100% retiree).

ALDERMANIC COMMITTEE BACKGROUND: Preliminary information was presented to the Administration and Finance Committee on September 10, 2013 by City staff and Phil Sauder, Clemens and Associates. Mr. Sauder believed that he would be able to obtain price reductions from the quotes he had at that time and the Committee made no recommendations during its meeting.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Not applicable.

FINANCIAL IMPACT: The total amounts cited above represent the anticipated full cost to provide health and dental insurance for employees, retirees and Township employees. The Township reimburses the City for their benefit costs. Once premiums and reimbursements from all sources were factored in, the City paid for sixty-two percent (62%) of the total health insurance costs for the PPO and HMO plans and forty-three percent (43%) of the dental plan costs in FY 2012/2013.

The following illustrates the projected impact the current renewals may have on the FY 2013/2014 budget. The actual figures will depend on January's enrollment and on the actual claims paid under the PPO and dental plan. The City currently has a verbal agreement from Clemens that the cost for their broker services for 2014 will be held at $9,500. Staff is working with Clemens to write a contract for these services which will be brought to Council at a future date.

	PPO Plan*	**HAMP HMO**	**Dental Plan**
Total Budgeted Amt.	$6,203,499	$1,616,090	$535,682
Budgeted City Amt.	$3,724,808	$1,134,244	$228,592
Budgeted Increase %**	8.0%	8.0%	6.0%
Renewal Increase %**	2.6%	15.8%	-3.3%
Est. Projected Impact To Total Budget**	-$103,391 (under budget)	$38,905.87 (over budget)	-$15,666 (under budget)

*PPO Plan – Includes both medical (Blue Cross) and pharmacy (Catamaran) components.

**The budget increase percent was the increase estimated for January 2014 when the FY 2013/2014 budget was prepared. The renewal increase percent is the actual percent increase for January 2014. The estimated projected impact to total budget is the difference between the projected and actual increases taken over the four (4) remaining months of the FY 2013/2014 budget, (January 2014 through April 2014).

The items in this memo are budgeted for FY 2013/2014 as follows:

Blue Cross PPO, Claims, Administration and Stop Loss: fund divisions 60200210 and 60280210.

Health Alliance Medical Plans HMO: fund divisions 60200232 and 60280232.

Dental Claims and Administration: fund divisions 60200240 and 60280240.

Respectfully submitted for Council consideration.

Prepared by: Laurie Wollrab, Compensation and Benefit Manager

Reviewed by: Emily Bell, Director of Human Resources

Financial & budgetary review by: Chris Tomerlin, Budget Analyst
Patti-Lynn Silva, Director of Finance

Legal review by: Rosalee Dodson, Asst. Corporation Counsel

Recommended by:

David A. Hales
City Manager

Motion by Alderman Fazzini, seconded by Alderman Black that the Client Agreements be approved and the Mayor and City Clerk be authorized to execute the necessary documents.

The Mayor directed the clerk to call the roll which resulted in the following:

Ayes: Aldermen Stearns, Mwilambwe, Schmidt, McDade, Lower, Fazzini, Sage, Fruin and Black.

Nays: None.

Motion carried.

The following was presented:

SUBJECT: Variance from Chapter 38, Section 123(a) to Allow a Driveway Approach 52.5 Feet Wide at 3109 Cornelius Dr.

RECOMMENDATION/MOTION: That the variance be approved.

STRATEGIC PLAN LINK: Goal 3. Grow the local economy.

STRATEGIC PLAN SIGNIFICANCE: Objectives 3e. Strong working relationship among the City, businesses, economic development organizations.

BACKGROUND: Staff has received a written request from Farnsworth Group, the design engineers for the new Pinnacle Office Building, located at 3109 Cornelius Dr., to grant a variance to Chapter 38, Section 123(a) to allow a driveway approach 52.5 feet wide at this address. This is a new office complex which house Pinnacle Actuarial Resources, Inc. The additional width is requested in order to accommodate large delivery trucks. City Code allows commercial driveways to be up to thirty-five feet (35') wide at the property line. Driveway variances are recommended by the Public Works Department on a case by case basis after evaluation of criteria such as sight distance, width of adjacent roadway and amount of property frontage.

The following is the evaluation by staff on the different criteria:

- Sight distance – there are no identified issues with horizontal or vertical sight distance by allowing this variance.
- Width of adjacent roadway – the adjacent roadway is of sufficient width to allow the driveway widening without causing concern.
- Distance to intersection – the driveway is far enough away from the intersection that the added width is not a concern.
- Amount of property frontage – with 510' of frontage, this is enough to allow for the added width.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Farnsworth Group.

FINANCIAL IMPACT: None.

Respectfully submitted for Council consideration.

Prepared by: Jim Karch, Director of Public Works

Reviewed by: Barbara J. Adkins, Deputy City Manager

Financial & budgetary review by: Chris Tomerlin, Budget Analyst

Legal review by: Rosalee Dodson, Asst. Corporation Counsel

Recommended by:

David A. Hales
City Manager

Motion by Alderman Fazzini, seconded by Alderman Black that the variance be approved.

The Mayor directed the clerk to call the roll which resulted in the following:

Ayes: Aldermen Stearns, Mwilambwe, Schmidt, McDade, Lower, Fazzini, Sage, Fruin and Black.

Nays: None.

Motion carried.

The following was presented:

SUBJECT: Economic Development Council of the Bloomington-Normal Area, (EDC), Property Tax Abatement Incentive Program and corresponding Memorandum of Understanding

RECOMMENDATION/MOTION: That the proposed economic development incentive program, known as the Limited Discretionary Property Tax Abatement of Improvements, be adopted and the Memorandum of Understanding be executed for the purpose of business attraction and expansion efforts

STRATEGIC PLAN SIGNIFICANCE: Goal 3. Grow the local economy; Objectives 3a. Retention and growth of current businesses; 3b. Attraction of new targeted businesses the EDC approached that are the “right” fit for Bloomington; and 3d. Strong working relationships among the City, businesses and economic development organizations

Staff is proposing the adoption of a set of standardized incentives which can be used in conversations with business owners and decision makers who are considering locating or expanding a business in the Bloomington, Normal and McLean County area. The proposed incentive programs will be utilized by the EDC when engaging in targeted business attraction and retention efforts.

BACKGROUND: The EDC has been challenged to achieve several lofty goals and objectives as they pertain to the community’s *Forging Ahead* campaign and related strategic plan. Unfortunately the reality of the situation is that the State of Illinois continues to put our community at a disadvantage when it comes to the attraction, recruitment and retention of our nation’s major industries and businesses. As such, the City must strive not only to achieve a competitive advantage amongst our regional players, but must also look to overcome the weakness that is associated with the state. In order for the City and its surrounding neighbors to achieve success in this initiative, it is critical that the economic development team have access to the tools necessary to attract such opportunities. To that end, the EDC's Major Industry and Targeted Attraction Committee, chaired by David Hales, City Manager, directed EDC staff to perform research on incentives, the efforts of which have yielded the ***Incentives Comparison Research Project***. Per the Executive Summary, this report focuses on:

- Availability, structure and use of local incentives in competitor communities.
- Restrictions on the use of these incentives, (where applicable).
- Sample projects which have taken advantage of these tools.
- Recommendations & the creation of local incentive tools.

After further consideration and discussion at the committee level, the EDC was directed to draft a document whereby local governing entities, taxing bodies and private sector partners can discuss incentive programs applicable for the Bloomington-Normal and McLean County area. As a result of that effort, a Limited Discretionary Property Tax Abatement of Improvements Program was identified, if implemented, could help participating bodies benefit from an economic perspective, including jobs creation, related infrastructure and community wealth. Following discussions with selected taxing bodies, private entities and community partners, the enclosed Memorandum of Understanding was provided as a means to stimulate business attraction and retention efforts.

COMMITTEE OF THE WHOLE BACKGROUND: On July 1, 2013, the EDC approached the Administration and Finance Committee to discuss the potential use of incentive programs, including Limited Discretionary Property Tax Abatement on Improvements (PTA), McLean County New-Hire Incentive (NHI) and McLean County Swift-Hire Program. It was recommended that EDC staff pursue the PTA program and revise other options. On September 30, 2013, EDC staff gave a presentation on the PTA program to a joint meeting of the McLean County Board, Bloomington City Council and Normal Town Council.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: EDC, McLean County, Unit #5, District 87, Town of Normal, Kathleen Field Orr, Kathleen Field Orr & Associates, and Elizabeth Au, National Development Council. A signed letter of support on behalf of the McLean County Chamber of Commerce, State Farm, Farnsworth Group and Country Financial was provided to the Council.

FINANCIAL IMPACT: The proposed incentive program would not impact existing resources or sources of revenue. Only new revenue generated by each project would be utilized in each potential incentive agreement.

Respectfully submitted for Council consideration.

Prepared by: Justine Robinson, Economic Development Coordinator

Financial & budgetary review by: Chris Tomerlin, Budget Analyst

Legal review by: Rosalee Dodson, Asst. Corporation Counsel

Recommended by:

David A. Hales
City Manager

David Hales, City Manager, introduced this item. He believed that the Council was familiar with same. He cited the presentations before the Administration & Finance Committee.

Justine Robinson, Economic Development Coordinator, addressed the Council. She cited the highlights of this program. She cited five (5) items: 1.) Memorandum of Understanding which would be approved by the taxing bodies; 2.) narrative summary; 3.) letter of support; 4.) incentive comparison; and 5.) EDC's Five Year Strategic Plan. She noted that the agreement was non binding. EDC would work with new and existing businesses that qualified. This agreement provided a framework and insure timely response to inquiries.

Mayor Renner cited his recent economic development trip to Los Angeles, CA. He cited two (2) key factors: 1.) attracting millennials and 2.) being quick and decisive.

Alderman Stearns questioned the EDC. She stated her understanding there would be a package developed for each prospective employer.

Ken Springer, EDC's Vice President, addressed the Council. Each tax abatement agreement would be presented to the Council for approval. This item provided the framework for negotiation. Each agreement would stand on its own.

Alderman Stearns addressed evaluation transparency, accountability, and meeting the criteria set.

Mr. Springer noted that there would be an annual audit. He restated that there would be an agreement between the City and the entity. Thresholds would be set and the term length. There would be specifics to each agreement. This would set a broad outline.

Alderman Stearns readdressed transparency. She expressed her interest in a look at the numbers. She questioned who would review the EDC's audit.

Alderman Sage questioned clarification. The EDC would address/solicit businesses. This would empower the process. A framework was needed prior to the negotiation of agreements. He noted the time line (months). He addressed the level of transparency and which business would qualify.

Mr. Springer restated that the City was at a competitive disadvantage when addressing economic development.

Alderman Schmidt described the item as the first tool in the tool box. This was a first step and more would be coming.

Alderman Mwilambwe expressed his appreciation. He encouraged the EDC to be aggressive. It needed to be quick and decisive. He cited Wirtz Beverage as an example. He added that the City and the Township had to approve the agreement. He questioned businesses' patience. He acknowledged competition and the ability to react. The approval process needed to be moved up.

Mr. Springer noted the need for a smart economic development policy. The EDC would continue to evaluate the tools available and the effectiveness of same. Decisions needed to be made in a matter of weeks not months.

Mayor Renner readdressed the ability to move quickly.

Alderman Black stated his support for economic development incentives. Economic development was needed to bring businesses to the City. The City needed to receive more from the EDC. He noted that there were disadvantages to the City due to its location, (i.e. in the State of Illinois). He expressed his concern regarding the future. Young people were leaving the state. He noted the City's location. The City needed to attract businesses and create opportunities.

Alderman Fazzini noted that the Administration & Finance Committee had reviewed this item twice. He stated that the Memorandum included claw back provisions in all cases. He requested that language be added (unless logic to contrary). This would allow quicker action. He expressed his interest in a motion amendment.

Mr. Springer noted that the Memorandum had been presented to other governmental entities. He restated that the Memorandum was non binding. The City could change the language in each individual agreement.

Alderman Fruin recommended that the Memorandum stand as presented. The EDC needed to complete the approval process with all of the various governmental entities. The Council could amend the Memorandum language at a future date.

Motion by Alderman Fruin, seconded by Alderman Schmidt that the Proposed Economic Development Incentive Program, known as the Limited Discretionary Property Tax Abatement of Improvements, be adopted, and the Memorandum of Understanding be executed for the purpose of business attraction and expansion effort.

The Mayor directed the clerk to call the roll which resulted in the following:

Ayes: Aldermen Stearns, Mwilambwe, Schmidt, McDade, Lower, Sage, Fruin and Black.

Nays: Alderman Fazzini.
Motion carried.

The following was presented:

SUBJECT: Proposed 2013 Estimated Tax Levy

RECOMMENDATION/MOTION: The Council makes a motion to set the estimated 2013 property tax levy in the amount of $23,219,066.

STRATEGIC PLAN LINK: Goal 1. Financially sound City providing quality basic services.

STRATEGIC PLAN SIGNIFICANCE: Objective 1c. Engaged residents that are well informed and involved in an open governance process.

BACKGROUND: According to the Illinois Property Tax Code, Division 2. Truth in Taxation (35ILCS 200/18-60), the City must formally adopt an estimated tax levy not less than twenty (20) days prior to the adoption of a final tax levy.

35ILCS 200/18-85 requires said estimate be compared to the prior year extension and if a five percent (5%) increase exists then a public notice and a public hearing must occur.

In addition, the Tax Levy Ordinance must be passed by a vote of the Council and a certified copy, thereof, filed with the County Clerk on or before the last working Tuesday in December which for the City is December 17th. Therefore, the adoption of the 2013 Tax Levy Ordinance should be placed on the Council's December 9, 2013 meeting agenda. In addition, it is our goal to abate any taxes at this meeting.

There are three (3) components of the property tax formula that affect an increase or decrease in a homeowners property taxes. The dollar amount requested by the City or any of the other overlapping tax districts, the amount of the final Equalized Assessed Value (EAV) which is one third of the properties assessed value over a three (3) year period, and the tax rate that is generated by dividing the dollar amount by the EAV:

Tax formula: $$\frac{\text{Dollar Levy}}{\text{Final EAV}} = \text{Tax Rate}$$

The City adopts its estimated tax levy based on a preliminary EAV which is an estimate and subject to the appeals process. The final EAV is completed by January 1, 2014. The tax rate generated is later applied to individual property owners' tax bills on April 1, 2014 and bills are mailed out on May 1st.

2013 Tax formula Estimate (Preliminary EAV):	$\frac{\$23,219,066}{\$1,768,687,513}$	1.31279%

This year the City is asking for $23,219,066, which appears to result in a lower tax rate than last year. Depending on what happens to the City's final EAV, homeowners could receive a slight decrease in property taxes levied by the City.

The City's tax levy is made up of the following ten (10) components explained briefly below:

1. Bonds & Interest – this levy is used to fund costs associated with City owned debt instruments. The General Obligation debt (GO) service is approximately $8,846,034 for FY 2014, (excluding capital leases and IEPA loans for Enterprise Funds). The City levied $2,180,143 in FY2014 or approximately 24.6% of total GO debt. The balance is abated and paid from other revenue sources. There is no increase recommended in the 2013 levy.

2. Fire Pension – this levy is used to fund contribution for employees eligible for a Fire Pension. The FY 2014 minimum statutory contribution was $2,902,472 as calculated by Tepher Consulting and was levied at 100%. This year's levy will be increased $1,000,000 to the minimum contribution as calculated by the Illinois Department of Insurance or the first phase of the City's new pension funding methodology; both of which are equal in year one.

3. Fire Protection - this levy is used to fund costs associated with fire protection. Fire protection costs, (net of departmental revenue and pension), are approximately $10,908,079 for FY 2014. The City levies roughly 10.8% of this cost and is recommended to remain flat in the 2013 levy.

4. General Corporate – this levy is used to fund the general operations of the City, this component of the levy has been increased in the past to supplement the road resurfacing program which has grown to approximately $4 million dollars in FY 2014. This portion of the 2013 levy is recommended to be reduced by approximately $1.6 million dollars to offset Police and Fire pension funding increases. If the $1.6 million reduction in levy cannot be absorbed by other City revenues then the road resurfacing program may need to be reduced. Note: $10,000,000 road resurfacing and sewer bond was issued in October 2013.

5. Illinois Municipal Retirement Fund (IMRF) – this levy is used to fund portions of the annual pension contribution for employees eligible for the Illinois Municipal Retirement Fund. The FY 2014 minimum statutory contribution is based on a percentage of payroll and was budgeted at $3,595,407. The City levied for approximately seventy percent (70%) of the required minimum contribution in FY 2014 and paid the balance from other revenue sources. This portion of the 2013 levy is recommended to remain flat.

6. Police Pension – this levy is used to fund the minimum annual statutory required contribution for employees eligible for a Police Pension. The FY 2014 minimum

statutory contribution was $3,181,581 as calculated by Tepher Consulting and was levied at 100%. This year's levy will be increased $576,419 to the minimum contribution as calculated by the Illinois Department of Insurance or the first phase of the City's new pension funding methodology; both of which are equal in year one.

7. Police Protection – this levy is used to fund costs associated with police protection. Police protection costs, (net of departmental revenue and pension), are approximately $15,092,090 for FY 2014. The City levies approximately 8.9% of this cost and is recommended to remain flat in the 2013 levy.

8. Public Parks – this levy is used to fund costs associated with public parks. Park costs which include: administration, maintenance, recreation, aquatics, Miller Park Zoo, and the Pepsi Ice Center, (net of departmental revenues), are approximately $5,795,569 for FY 2014. The City levies about 17.2% of these costs and is recommended to remain flat in the 2013 levy.

9. Social Security – this levy is used to fund costs associated with the City's portion of Social Security for eligible employees. The FY 2014 Social Security costs are estimated at $2,069,002. The City levies roughly seventy percent (70%) of this cost and is recommended to remain flat in the 2013 levy.

10. Library – this levy is used to fund costs associated with the Library. The FY 2014 estimated Library costs are $4,513,477 net of departmental revenue. The City levied for 100% of the net Library costs in FY 2014. The 2013 levy will increase by $33,233 to a total of $4,546,710 as requested by the Library Board.

Expenditures related to the property tax levy are primarily related to operations with the exception of the Library's estimate which includes contributions to capital, and any portions of the General Corporate component contributed to the road resurfacing program.

COUNCIL COMMITTEE BACKGROUND: A preliminary discussion of the 2013 tax levy was held at the October 21, 2013 Committee of the Whole meeting.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Both the Police and Fire Pension Boards have actively participated in pension funding discussions and have been communicated with in regards to the Police and Fire Pension contributions portions of the 2013 tax levy.

FINANCIAL IMPACT/ANALYSIS: The Council adopted a "reduced dollar" tax levy last year of $23,185,803 *as extended.* The City Manager and Director of Finance recommend the Council adopt tax levy estimate of $23,219,066 which increases the overall levy by $33,233 to fund Library's FY 2014 budget request. A redistribution of the remaining levy enables the City to increase its pension funding for both the Police and Fire Pensions.

Finance staff created the three (3) exhibits to facilitate Council's decision making process over the next twenty (20) days. Exhibit 1 depicts the recommendations discussed within listed by levy component. Exhibit 2 is the estimated impact to the individual homeowner. Exhibit 3 is history of City's levies as previously adopted.

Respectfully submitted for Council consideration.

Prepared by: Patti–Lynn Silva, Director of Finance

Recommended by:

David A. Hales
City Manager

Mayor Renner introduced this item.

Alderman Sage hoped his comments would be clear. He addressed the Library's portion of the proposed tax levy. He noted that it was not the size of the amount. The Library placed unspent budget dollars in a capital fund. He wanted to create a line of sight. He believed that the Library could cover this proposed increase with its reserve funds. It was the principal. He added that the Council had voted separately on the Library tax levy last year. He restated that the Library's practice of placing unspent taxpayer dollars in a reserve fund. The Library could absorb the $33,000.

Alderman Stearns commented that the tax levy was flat. She questioned the impact of the estimated tax levy on property taxes.

Patti-Lynn Silva, Finance Director, addressed the Council. She noted that the tax rate was determined by the tax levy requested and the Equalized Assessed Value (EAV). The property tax appeals process was not completed. She anticipated a slight decrease to the tax rate.

Alderman Stearns was encouraged to see same. She also addressed the Library's tax levy. She did not believe that it would have an impact upon property taxes. If the Library had operated under budget, it saved the dollars. The Library should be commended. She expressed her support for the Library.

Alderman Lower recognized Aldermen Sage and Stearns' comments. There would be no increase to property taxes. Pension funding would be increased. The Council needed to set priorities from top to bottom.

Alderman Schmidt addressed prioritization. The Council had been down this path. The City's portion of the property tax bill was flat. She noted the Library's request for a $33,000 increase. She noted the Library Board's minutes. The Library had adopted a conservative approach. She noted operational cost increases and the increase cost for collections at six to seven percent (6 – 7%).

Motion by Alderman Schmidt, seconded by Alderman Fruin that the proposed tax levy be adopted as the estimate of $23,219,066 for the 2013 Tax Levy.

The Mayor directed the clerk to call the roll which resulted in the following:

Ayes: Aldermen Stearns, Mwilambwe, Schmidt, McDade, Lower, Fazzini, Sage, Fruin and Black.

Nays: None.

Motion carried.

The following was presented:

SUBJECT: Proposed Funding Ordinance for the Police and Fire Firefighter Pension Plans

RECOMMENDATION/MOTION: Recommend that the Text Amendment to Chapter 16, Article III, Funding for Police and Firefighter Pension Plans, Section 46, be approved and the Ordinance passed.

STRATEGIC PLAN LINK: Goal 1. Financially sound City providing quality basic services.

STRATEGIC PLAN SIGNIFICANCE: Objective 1a. Budget with adequate resources to support defined services and level of services.

BACKGROUND: As directed by Council through the Action Agenda Plan beginning in FY 2013 a study of the status of the City's pension obligations and funding levels began. The Finance Department worked with an independent actuary to understand its status and legislative obligations of the City's three (3) main pension plans: Illinois Municipal Retiree Fund (IMRF), and the Police and Fire Pension funds. It was determined the that IMRF fund - the City's largest pension representing 1,045 members was eighty-two percent (82%) funded while the Police and Fire Pensions with approximately 200 members each were lagging between fifty percent (50%) and sixty percent (60%) funded. Legislation passed in 2011 now requires Police and Fire Pensions to be funded at ninety percent (90%) by FY 2040. To achieve this goal the state recommends a minimum annual contribution. In analyzing this legislation it became evident that the annual contributions were minimal in the early years of the state's plan and then increase substantially in the last several years of the plan. In reviewing the City's finances these increases were determined to be unsustainable and would cause an inequitable tax burden on a future generation of taxpayers. The Finance Department worked with the Council, Police and Fire Pension Boards, its independent actuary, the Administration and Finance Committee, and public to develop a Pension Funding Policy. The proposed text amendment represents a culmination of the input and analysis obtained throughout the last fifteen (15) months. The benefits of this funding plan are major: resulting in full funding for both Police and Fire Pension Plans as well as providing over $68,000,000 of saving over the state's minimum plan. The FY 2015 increase of $1.6 million dollars is included in the 2013 estimated tax levy; to accommodate this increase a corresponding decrease has been made in the General Corporate portion of the levy normally intended for the road resurfacing program.

The City follows the Governmental Accounting Standards Board's, (GASB), accounting standards which does require the adoption of funding policy by fall 2014.

COUNCIL COMMITTEE BACKGROUND: A discussion of the Police and Fire Pension Funding Policy was held at the October 21, 2013 Committee of the Whole meeting in addition to numerous meetings and presentations over the last fifteen (15) months at both the Council and Committee level.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Police and Fire Pension Board members have actively participated in pension funding discussions and have attended Council and Committee meetings. In addition, both Boards have been communicated with in regards to the Police and Fire Pension portions of the 2013 estimated tax levy.

FINANCIAL IMPACT/ANALYSIS: The adoption of the Police and Fire Pension Funding Ordinance will cause an approximately $1.6 million increase to pension contributions in Fiscal Year 2015 and then increase on average $1.2 million for the next four (4) years. This is a five (5) year phase in approach which will save the City approximately $68,000,000. The Council was provided with a copy of Exhibit 1. The 2013 Estimated Tax Levy includes the $1.6 million Fiscal Year 2015 increase for both the Police and Fire Pension seen in the Police and Fire Pension components of the levy with a corresponding decrease in the General Corporate portion of the levy recently used to fund the City's road resurfacing program. If the City cannot absorb the $1.6 million in road resurfacing funding in the FY 2015 budget not included in the levy then this program may need to be reduced.

Respectfully submitted for Council consideration.

Prepared by: Patti-Lynn Silva, Director of Finance

Recommended by:

David A. Hales
City Manager

ORDINANCE NO. 2013 - 85

AN ORDINANCE AMENDING BLOOMINGTON CITY CODE CHAPTER 16

BE IT ADOPTED by the City Council of the City of Bloomington, Illinois:

SECTION 1. That the Bloomington City Code Chapter 16, Article III, shall be and the same is hereby amended by adding Section 46 to read as follows:

Section 46 Funding Ordinance for Police and Firefighter Pension Plans.

Section 46.1 Purpose.

This ordinance is intended to set forth guidelines the City Council will use to determine the contributions needed to fund pension benefits for its Police and Fire employees as required by State law under Articles 3 and 4 of the Illinois Pension Code. This ordinance is further intended to:

(1) ensure that the pension funds have sufficient assets on hand to pay all benefits due;

(2) minimize the annual volatility of budgeted contributions;

(3) provide for equity among different generations of taxpayers with respect to bearing the costs of pension contributions;

(4) ensure that all statutory funding requirements are satisfied; and

(5) provide for full funding of pension liabilities.

Section 46.2 Fund Contributions.

(a) In order to achieve the objectives set forth in Section 46.1 and beginning with the budget for fiscal year 2015, the City Council will begin phasing in a process by which contributions to Police and Fire pension funds are based upon Actuarially Determined Employer Contributions (ADEC) prepared in accordance with Section 46.3 of this Chapter. In the period from fiscal year 2015 through fiscal year 2019, 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 contribution levels based entirely upon the ADEC occurring no later than fiscal year 2019.

(b) Pension contributions will be funded through the annual property tax levy. The Finance Director shall include the ADEC in the tax levy estimate provided annually to the City manager and City Council.

(c) The City Manager and Finance Director shall communicate the ADEC to both the Police and Fire pension boards prior to the adoption of the tax levy by the Council.

Section 46.3 Actuarially Determined Employer Contributions; Preparation and Assumptions.

(a) The Finance Director will utilize the services of a certified independent actuary to calculate Actuarially Determined Employer Contributions each year, beginning with the May 1, 2013 actuarial valuation. The annual valuation will be prepared in compliance with all applicable Actuarial Standards of Practice and completed by October 1. The certified independent actuary shall also calculate the statutory minimum contribution as required by the Illinois Pension Code.

(b) The ADEC shall be determined using the following funding method elements:

(1) Long Term Outlook. The City will use a thirty year closed period to amortize its unfunded pension liabilities. Said closed period shall extend from May 1, 2011 through May 1, 2041.

(2) Assumptions. The ADEC shall be calculated using the following assumptions:

(i) Interest rate: Seven percent (7%).

(ii) Actuarial Cost Method: The Entry Age Normal (EAN) actuarial cost method required by the Government Accounting Standards Board will be used to determine the Normal Cost as well as the Actuarial Accrued Liability.

(iii) Amortization Method: A level percent of pay assumption of four percent (4%) will be used to amortize existing unfunded pension liabilities.

(iv) Asset Valuation Method: In order to minimize the impact of investment volatility on the ADEC, an asset evaluation method utilizing a five year smoothing for investment gains and losses will be used.

(v) Level of Funding: The ADEC will be calculated using a target funding ratio of one hundred percent (100%).

Section 46.4 Review of Pension Funding Ordinance.

The City Manager or Finance Director shall review this ordinance at least annually, examining its effectiveness and determining whether any modifications are necessary to ensure the ordinance is acted upon in conformance with accounting standards, best practices and changes in legislation.

SECTION 2. Except as provided herein, the Bloomington City Code, as amended, shall remain in full force and effect.

SECTION 3. The City Clerk is hereby directed and authorized to publish this Ordinance in pamphlet form as provided by law.

SECTION 4. This Ordinance is enacted pursuant to the authority granted to the City as a home rule unit by Article VII, Section 6 of the 1970 Illinois Constitution.

SECTION 5. This Ordinance shall take effect immediately upon passage and approval.

PASSED this 12th day of November, 2013.

APPROVED this 13th day of November, 2013.

APPROVED:

Tari Renner
Mayor

ATTEST:

Tracey Covert
City Clerk

Mayor Renner introduced this item. He stated that there was no such thing as zero based budgeting. The City did not exist in a vacuum.

David Hales, City Manager, stated that this item was a text amendment to the City Code. The Council was being asked to adopt a Pension Funding Policy. There would be a five (5) year phase in to recapitalize these funds. The Finance Department staff had analyzed utility tax revenue. The maximum statutory limit was five percent (5%). An increase to the utility tax would almost fund the Police and Fire Pension Funds. He described this as a revenue enhancement. City staff was also looking at other options.

Mayor Renner added that an increase to the utility tax could be phased in. Currently, the utility tax was 2.5%. At five percent (5%), pension funding would almost be covered.

Mr. Hales noted the request for a ten (10) year phase in. The proposed ordinance could be amended.

Alderman Sage stated this was a procedural request. He added his inclination towards a ten (10) year phase in. He believed that the Council would benefit from a discussion.

Alderman Stearns expressed her support for a five (5) year phase in. She believed that it would be more equitable. She cited the dollar savings. Patti-Lynn Silva, Finance Director, addressed the Council. She noted that savings difference: ten (10) year - $1 million per year and five (5) year - $1.5 million per year.

Alderman Stearns noted the payments to the Police and Fire Pension Funds over five (5) and ten (10) years. Ms. Silva cited the totals. Alderman Stearns cited the year 2036 and the $11.1 million payment. Ms. Silva addressed total contributions which totaled $20.5 million.

Alderman Stearns addressed equity for future generations. She also questioned the IMRF and OPEB (Other Post Employment Benefits). Ms. Silva noted the IMRF was eighty-two percent (82%) funded. City staff was focused on the Police and Fire Pension Funds. The statutory requirement was to ninety percent (90%) funded by 2036. Contributions would be phased in with more being paid earlier.

Alderman Stearns stated that the statutory minimum was unthinkable. Ms. Silva addressed OPEB which was a non cash number. Retirees pay the full health insurance premium. It was an actuarial liability. She cited state unfunded mandates. She estimated the figure at $18 million. The City was self insured. She restated that it was a non cash liability and not the highest priority. City staff had focused on Police and Fire Pension Funds.

Alderman Black described the five (5) year plan as aggressive. He expressed his interest in the budget impact. The City needed to have a plan in place.

Alderman Fruin noted the City's focus on pension funding. He added that other costs were coming. He was leaning towards a ten (10) year phase in.

Alderman Fazzini expressed his support of a five (5) year phase in.

Alderman Lower also favored a five (5) year phase in. He did not believe that the City was being aggressive enough. He expressed his concern regarding future costs.

Alderman Sage noted $4 million in savings over thirty (30) years. He added his concern regarding budget demands. The ten (10) year phase in would provide the City with $500,000 for other priority items. He expressed his interest in flexibility. He added his discomfort with a five (5) year phase in.

Alderman Mwilambwe acknowledged that the Council said they would do it and needed to do it.

Alderman Stearns questioned another aspect. She questioned road resurfacing being tied to pension funding. She believed that budget cuts could be used to fund any shortfall.

Mayor Renner noted that the Council was not voting on an increase to the Utility Tax this evening. He added that even with an increase to this tax, there would still be budget cuts required. City staff was always looking for ways to reduce the budget. The City had reduced staff by over seventy-one (71) positions. Citizens want more police and fire personnel. Response times had been cited. He welcomed the Council's ideas.

Alderman Stearns believed that there were ways to economize and save. She was unwilling to exchange pension funding for roads/infrastructure. She requested a listing of all employees over the last five (5) years.

Mayor Renner believed that in FY 2008/2009 there were 621 employees. In FY 2009/2010, there had been 550 employees. He added that the number was higher today.

Alderman Stearns expressed her interest in specifics.

Mayor Renner stated that the information would be shared with the Council.

Mr. Hales stated that City staffing was lean. This was a complex issue. Services had been prioritized. City staff had focused on results. He addressed Council's expectations. This would not be a simple endeavor. He noted the staff time and attention involved.

Alderman Black addressed taxes, business development and pensions. The City had spent a year working on this policy. The Council needed to move forward and not burden future generations. City staff needed to identify specific numbers and ways to save money. He encouraged the Council to reach out to City staff. He noted the level of service expected by the citizens.

Alderman Lower believed that the Council would be remiss if it raised taxes. He noted the lean position of the private sector.

Motion by Alderman Mwilambwe, seconded by Alderman Fazzini that the Text Amendment to Chapter 16, Article III, Funding Ordinance for Police and Firefighter Pension Plans, Section 46, be approved and the Ordinance passed.

The Mayor directed the clerk to call the roll which resulted in the following:

Ayes: Aldermen Stearns, Mwilambwe, Schmidt, McDade, Lower, Fazzini, Sage, Fruin and Black.

Nays: None.

Motion carried.

MAYOR'S DISCUSSION: Mayor Renner cited his trip to Los Angeles, CA. He traveled with the Economic Development Council (EDC) and Mayor Chris Koos. He restated the two (2) key points: attracting millennials and quick action. The City needed to determine how to keep the millennials here. He thanked Alderman Schmidt who acted as Mayor Pro Tem. He also thanked Alderman Sage for information from the ICMA (International City Managers Association).

ALDERMEN'S DISCUSSION: Alderman Fruin noted his long standing opposition to any increase to the Utility Tax. This had been discussed three (3) years ago. Comparisons needed to go beyond the Town of Normal. There needed to be illustrations regarding the impact upon various employers (based upon size), home owners, etc. He requested additional information.

Mayor Renner believed that the Utility Tax was based upon usage. Citizens would have some control over same. An increase to the Utility Tax would not put the City at a competitive disadvantage.

Alderman Fruin questioned if any organizations were exempt from the Utility Tax.

Alderman Fazzini questioned the status of the search for a new EDC Executive Director.

Alderman McDade informed the Council that a candidate was coming to the area for interviews, meetings, tours, etc. The active search commence in February 2013. After the first round of interviews, no consensus was reached. She was hopeful and excited.

Alderman Black questioned the status of a transparency ordinance.

Mayor Renner stated that recently no work had been done on same. He hoped for a comprehensive approach.

David Hales, City Manager, addressed the Council. He cited that the Illinois Policy Institute and re-evaluated the City's web site. The rating had seen a twenty-six percent (26%) increase. Work would continue to improve this rating with a goal of a perfect score. The Committee of the Whole would address the topic of openness and transparency which was nebulous.

Mr. Hales added that the Committee of a Whole would not meet again until Tuesday, January 21, 2014 due to the Martin Luther King Jr. Holiday.

Alderman Lower noted various Council items. He cited a paradoxical truth – taxes which are too low need to be preserved. The City needed to remain lean in order to create an environment where business can prosper.

Alderman Stearns addressed pension funding. The policy did not address decreasing liability. The Council needed to lobby the state and employees. Future

contributions were unfair. She believed that City services could be contracted out. She wanted to know the number of employees.

She also addressed Veteran's Day. She noted the sacrifices made and the ceremonies held. The Vietnam/Korean War monument at Miller Park had been restored. A ceremony would be held on Memorial Day, May 26, 2014.

Mayor Renner adjourned the meeting. Time: 8:24 p.m.

Tracey Covert
City Clerk