

RETREAT
Day 1
November 15, 2013

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

Staff present: David Hales, City Manager, Patti-Lynn Silva, Director of Finance, and Tracey Covert, City Clerk.

Others present: Lynn Montei, Lynn Montei Associates.

The meeting was called to order at The Den at Fox Creek – Golf Course, 3002 Fox Creek Rd., at 8:10 a.m.

Mayor Renner called the retreat to order at 8:10 a.m. He made some opening remarks. He noted that the Council had three (3) new members: Aldermen Kevin Lower and Scott Black and himself. He cited the changing dynamics. There were challenges facing the City while exciting things were happening. He cited past rumors that the City was slow to respond. The Council would complete the City Manager's performance evaluation in Executive Session held on December 9, 2013 and at the Council's Regular Meeting on December 16, 2013. The City would move forward even though there were tough challenges ahead. The City operated under a city manager form of government. The Council had one (1) employee, the City Manager. The Council needed to provide clear directives to Mr. Hales, City Manager. The City Manager implemented the Council's directives.

There was a new Council with new dynamics. He saw his job as Mayor to give Mr. Hales clear direction, stay the course and have the City Manager's back. He restated the importance of providing clear guidelines/directives. The Council needed to be precise and consistent. He encouraged all to have an open mind and to listen. The Council needed to make decisions which may involve a compromise. Citizens needed to have confidence in the Council. The Council's actions impacted economic development. He cited the importance of the millennials and taking quick action. He acknowledged that sensitive issues may need more time.

He believed that there was better communication on the Council. He cited his decision to schedule a monthly lunch with each Council member as an example. Nothing was done until the Council approved same. Going forward the focus would be on building trust. He cited budget trade offs and informed the Council that they needed to be specific. Pension funding was cited. He cited the possibility of an increase to the Utility Tax which could be phased in. This action could be coupled with budget cuts. There would be some pain. He had heard that citizens did not want their taxes raised or for there to be any service cuts. He cited employee layoff as an example. He questioned what the pain was and what the vision was. There needed to be alternative plans from which the

Council would make choices. There was no magic answer or any competitive disadvantage. Pensions needed to be funded.

In closing, he informed the Council that Alderman Black had requested that a group photograph be taken at the retreat.

COUNCIL REACTION

Alderman McDade cited budget cuts and the various attempts made at same. A variety of things had been considered but ruled out. She noted the impact of collective bargaining. The City's budget document continued to improve. The various master plans provided needed data/information. She believed that the Council had the tools it needed. The Council needed to provide specific ideas as soon as possible.

Alderman Lower was very skeptical. The national and state economies were in a state of flux. Electricity was at capacity. Infrastructure was being upgraded. He noted the impact upon citizens' budgets. He also cited the impact of the Affordable Care Act. The City needed to control spending. He questioned what City services were mandatory. The City was subsidizing entertainment. He cited the US Cellular Coliseum, the Parks, Recreation & Cultural Arts Department, the Bloomington Center for the Performing Arts, bike routes, etc. The Council needed to determine needs. All of these things cost money and needed money for maintenance. It would take work to reduce City spending.

Alderman Fazzini cited four (4) main ways to increase revenue beyond economic development: 1.) sales tax which was regressive; 2.) property tax, which no one wanted, *the Town of Normal planned to increase property taxes by eleven percent (11%)*; 3.) utility tax, a small increase to same; and 4.) local MFT (Motor Fuel Tax) which would raise \$1.4 million. He estimated that thirty percent, (30%), of the individuals, who purchase gasoline, were not City residents. He did not believe that implementation of this tax would have any impact on the price per gallon. This tax should be acted upon first. He restated that it was important to the citizens that there be no increase to the property tax.

Mayor Renner noted that a local MFT could not be earmarked for pensions. Even if adopted this tax would not raise enough money to fund pensions.

Alderman Black expressed his interest in a high level discussion. This setting might open the discussion to what was palatable, (cuts, services, etc.).

Mayor Renner restated his intention to schedule a regular meeting time with each Alderman by the end of the retreat. He was interested in open conversations. Assumption can be made. One on one meetings should result in fewer misunderstandings. He also planned to provide email updates.

Mr. Hales addressed hopes/aspirations. He thanked the Mayor and Council for their time/service. He noted that there were no City department heads present. The focus of

this retreat would be on governance. The focus would be on bold, decisive leadership. The Council needed to be unified and to set priorities. The City needed to be realigned – he hoped to champion issues and values. There was the opportunity for the City to become the one that employees and citizens hoped for.

Mayor Renner cited the importance of working together. Disagreement would be okay as long as the Council was working together. After the Council voted on an issue, it needed to move forward.

Alderman Lower agreed with the comments made. Public meetings should include discussions and listening. He enjoyed the energy and new voices. He believed that the Council's meetings had been productive.

Mayor Renner noted that each ward consisted of 9,000 citizens. The whole was not equal to the sum of its parts. He expressed his interest in productive meetings. He cited a recent Illinois Wesleyan University (IWU) and Illinois State University (ISU) internship program. From the students' perspectives, it appeared that the Normal Town Council members worked together while the City Council appeared to not like nor respect each other.

He hoped that as the Council developed a better understanding of each other, there would be an understanding of where each Council member was coming from. A key issue was how much time was needed.

Alderman Black restated his interest in high level discussions. He cited his six (6) month tenure on the Council. He noted the noise ordinance as an example. There had been a positive response to this issue after the Council had discussion regarding same. He cited his experience on the McLean County Board. Democracy was an exchange. The Council would address tough issues.

Mayor Renner noted the past disconnect between the Liquor Commission and Council. He had reduced the number of Liquor Commissioners. He spoke with the Council first, (i.e. before the meeting of the Liquor Commission). He planned to follow this model. This commission was unique as the members served at the pleasure of the mayor. He would continue to poll the Council. The goal was to have no disconnect. He did not want to catch the Council off guard. The Council should know what was going on. He planned to keep the Council informed via email which would list bullet points. He might divide the Council between himself and the City Manager if feedback was needed as soon as possible. He believed this type of action would happen rarely. He would keep the Council informed.

Lynn Montei, Lynn Montei Associates, addressed the Council. She noted that they were already into the content area. The Aldermen needed to connect their hearts and intellects into their Council work. They were carrying the desires of the community. She cited her earlier interviews with the Council. Her role was to bring clarity and decisiveness. She cited the limitation of time and the need to make decisions. This retreat would provide a

process for clarity. The Council would go slow and deep in the beginning with the end result being faster actions.

2. CONNECTION EXERCISE

Ms. Montei opened the retreat with a Connection Exercise, (i.e. a personal experience that made one smile/feel uplifted). Ms. Montei was uplifted by the comments. It was important to focus on the positive. This would impact the Council's energy and the situation. The Council needed to train its focus, (what the Council wanted to create). The Council should not focus on problems. It needed to be aware of problems with a focus on solving same. The issue was the future. The Council needed to create excitement for same and have passion. The Council needed a vision for the future. The Council could accomplish things in a short period of time. One need was additional revenue which could be gained through economic development. Efficiency was important.

Alderman Fazzini noted the IWU/ISU students' opinions. He cited recent visits to six (6) other Central IL council meetings. He noted both verbal and nonverbal communications. He cited the importance of nonverbal communication from the audience's perspective. Council communication needed to be respectful.

Alderman Lower expressed his opinion that democracy was not pretty.

Ms. Montei stated that it did not have to be like that. The Council needed to create a future and frame it.

Ms. Montei addressed Session Purpose, Agenda Overview and Purpose of Day 2. She reviewed the Agenda Overview: 1.) develop priorities; 2.) grasp financial condition; 3.) camaraderie; and 4.) roles for Council and City Manager. Segment One – The City Organization and Segment Two – Establish the Foundation For and Set Council Priorities were linked to develop priorities. Segment Three – Revenue Options was linked to grasp financial condition. Segment Four – Cultivate Camaraderie, Trust & Quality Working Relationships was linked to camaraderie. She noted that Segment Two would be the longest one, (most of this day and a part of the next day).

Mayor Renner stated his hope that the retreat would end early on Saturday, November 16, 2013.

Ms. Montei cited the Council's core values and requested that all abide by same.

Break taken at 9:20 a.m.

Alderman Stearns arrived at 9:27 a.m.

Retreat resumed at 10:47 a.m.

There was a break taken at 11:00 a.m.

SEGMENT TWO, 8. PRESENTATION/DIALOGUE ON CITY'S FINANCIAL CONDITION

Mr. Hales introduced this topic as a high level financial overview. He cited budget challenges and the various master plans. This was a work in progress. The City was facing a number of challenges. He cited a twenty (20) year Capital Improvement Plan.

Patti-Lynn Silva, Finance Director, addressed the Council. The key was to do more with less. She noted the challenge. She planned to address the end of Fiscal Year (FY) 2013, the projected year end for FY 2014 and the draft FY 2015 budget. Risk would be addressed. She cited cash net of encumbrances and added that the goal should be fifteen percent (15%). City department FY 2015 budgets were due this date. She would review special revenue. She noted debt service and the requirement regarding carrying same. She addressed Enterprise Funds. The Water Fund was in good condition. She noted the master plan studies which listed major needs at \$100 million.

Alderman Stearns returned to the retreat at 11:09 a.m.

Ms. Silva addressed the Sewer Fund. This fund would need \$140 million in the next twenty (20) years. The Storm Water Fund was in the red. She anticipated revenue growth. The Solid Waste Fund was also in the red. There were two (2) funds for the US Cellular Coliseum, (USCC). One of them was the City's portion. Internal Service Fund was the City's self insurance program. The City had come a long way and had a fund balance.

She presented a handout entitled 2014 Budget: Summary of Revenues, Expenditures and Change in Fund Balances by Fund (All Figures Provided are Estimates). She directed the Council to the items that were in the red. \$13 million represented two (2) months of General Fund expenditures. The City was not at full financial health.

She directed the Council to a handout entitled Capital Improvement Fund: Twenty Year Capital Analysis, FY 2014 to FY 2034. In FY 2014, \$27 million had been spent but only \$15 million had been in cash. She noted the low interest rates. In FY 2015, the request was for \$41 million. City staff needed to determine what was critical and affordable. The City had deferred maintenance. She cited the sewer needs and noted the amount needed. This fund was currently in the red. Total cost exceeded \$340 million over the twenty (20) years. She noted the current water and sewer rates. She cited the condition of City streets. Dollars were needed for capital items and maintenance of same. The budget process would include a discussion of these needs. There needed to be a deliberative process.

Mr. Hales addressed the Capital Improvement Program. He cited three (3), five (5) and twenty (20) year plans. The City may need to go longer term. The key question was what items were critical. He cited life safety issues which could not be postponed. He

presented options: debt financing, existing revenue, City staff performing additional analysis, etc.

Ms. Silva informed the Council that all items listed under the Capital Improvement Fund had been transfer from the General Fund. She noted the recent Facilities Master Plan as an example. She reminded them that Enterprise Funds were to be self sufficient. Revenue must equal operations & maintenance plus capital.

Ms. Silva directed the Council to the handout entitled General Fund. Bond Debt Service would increase \$200,000 over the previous fiscal year. The transfer to the Solid Waste Fund would be an additional \$1.2 million. Capital Improvements needed an additional \$9.5 million. Addressing the City's equipment/vehicle needs would cost \$4.8 million. She presented a worst case scenario: potential increase for operations and capital for FY 2015 equaled \$107,021,028. This figure represented a 22.97% increase.

Mr. Hales cited the operations funding gap. He also cited the increase for pension funding. The gap in the General Fund would be \$4 million at a minimum. This figure did not include capital items. This need was substantial. He cited the City's past practice. It held back on equipment, vehicles and facilities. The challenge was real.

Alderman Sage stated the sense of urgency. The Council needed to resolve the Solid Waste program. He noted that City staff was looking for written feedback from the Council.

Mr. Hales agreed that the sooner the Council took action regarding the Solid Waste program the better. This fund was operating at a deficit. Mr. Hales responded affirmatively.

Ms. Silva directed the Council to the handout entitled City of Bloomington – Major Revenues. She noted that .0025 Home Rule Sales Tax would sunset. The Council would need to take action by April 2014. These dollars had been directed towards the USCC debt. She encouraged the Council to consider not sunsetting this tax. She also noted the various groups currently asking for a sales tax increase.

Mr. Hales stated that various school districts would be requesting a one percent (1%) sales tax. He informed the Council that a one percent (1%) increase to the Home Rule Sales Tax would generate \$1.5 million. He also recommended extending the .0025 Home Rule Sales Tax.

Ms Silva addressed the Utility Tax. The City's rate was half that of the Town of Normal. The City could double the revenue from this tax. There were a variety of costs at the City which increased annually. The City needed a combination of budget cuts, revenue increases and the strategic use of debt. She readdressed solid waste. There were a variety of taxes available to the City. The Council needed to educate the community regarding what could be done. She directed the Council to the handout entitled Solid

Waste Collection Rate – per month. This handout also addressed Sewer Rate, Storm Water Rate and Water Meter Rate.

Alderman Fazzini did not see a local MFT (Motor Fuel Tax) on the list.

Alderman Lower expressed his opinion that profit from fuel sales was at the margin. Profit generators came from the sale of other items.

Alderman Black added that a local MFT would have to be dedicated for roads. Alderman Fazzini responded affirmatively.

Ms. Silva informed the Council that a local gasoline tax was not required to be earmarked for roads. There were requirements for state MFT dollars.

Mayor Renner believed it would be easier for citizens to accept a local gasoline tax if these dollars were earmarked for critical needs. \$1.5 million could be dedicated towards a bond issuance.

Ms. Silva recommended that these dollars be assigned to a revolving debt service. A dollar figure for streets had not been presented.

Alderman Mwilambwe questioned if other communities had a local gasoline tax. Alderman Fazzini responded affirmatively. He cited Peoria, Champaign and Urbana. The latter two (2) municipalities had .04 per gallon.

Ms. Silva had completed her review/overview. She directed the Council to a handout focused on revenue. This handout showed trends in the City's major revenues. Most City revenues were elastic. City staff watched for trends. The final handout addressed Utility Tax Projections. Three (3) options were presented: 1.) Statutory Caps Estimate; 2.) Increasing to Town of Normal Rates; and 3.) Phase – in 50% to Town of Normal Rates.

Alderman Black questioned the impact of municipal aggregation. Ms. Silva noted that it was unknown if the impact from same would be significant.

Alderman Mwilambwe questioned state revenue. He specifically cited LGDF (Local Government Distribution Funds). He questioned if these funds would be impacted.

Mr. Hales stated that currently this was an unknown. These funds could be impacted. Other states have taken action. The City must deal with this issue on an annual basis. He cited the role of the IL Municipal League. In the end, the state had control.

Alderman Stearns cited community affordability. She believed that the City was on the low end. She added that this fact needed to be considered.

Ms. Silva recommended that this question be directed to Justine Robinson, Economic Development Coordinator, and Ken Springer, Bloomington Normal EDC Vice President.

Mr. Hales cited the average household income in the City.

Alderman Stearns restated the affordability factor.

Alderman Lower believed that the City could loose population.

Mr. Hales noted that there were a number of variables. The City had a Parks, Recreation and Cultural Arts Department and the Fire Department provided EMS (Emergency Medical Services) at an EMT – P, (Emergency Medical Technician – Paramedic) level. Most municipalities do not offer either of these services.

Alderman Lower believed that the Council needed to look at the big picture.

Alderman Sage noted that park services were generally provided through a Parks District, (*separate taxing authority*). Providing EMS was a Council decision. City staff work would be needed to assist Council in setting service levels.

Alderman Fruin expressed his interest regarding the impact of utility taxes on individuals, businesses, etc.

Ms. Silva informed the Council that information had been received from Corn Belt Energy. The average homeowner would see an increase of \$3 per month. The average apartment would see an annual increase of \$30.

Alderman Fruin believed that the impact upon business would come into play. The City was trying to attract small business. He also noted a proposed increase to the Solid Waste fee. It appeared that there would be an increase applied to every revenue source.

Ms. Silva stated that the City would have to rely on information from the public utility companies.

Alderman Sage believed that utility taxes were based upon usage. City staff should put something on the City's web site.

Alderman Fruin encouraged City staff to contact the Downtown Business Association, (DBA). The DBA could request utility bills from Downtown businesses.

Alderman Lower believed that there were businesses which were not breaking even.

Mr. Hales informed the Council that City staff was gathering additional information regarding Amusement Tax, (who uses, parameters for, etc.).

Alderman Black questioned this tax.

Mr. Hales noted that the Quad Cities area used this tax. It appeared to be applied to ticket sales. This tax could be granted to the facility which in turn would reduce subsidies, (i.e. USCC and Bloomington Center for the Performing Arts).

Alderman Mwilambwe questioned if this tax could be applied to the Miller Park Zoo.

Mr. Hales responded this was unknown. City staff would continue to research same. He planned to present the Council with the facts and an understanding of the law. This tax was in the exploration stage.

Lunch: 11:56 a.m. until 12:55 p.m.

Mr. Hales informed the Council that Ms. Silva had received emails from uniformed police officers regarding the Council's adoption of a Pension Funding Policy.

Ms. Silva offered to share these emails with the Council. The Council's action helped to build bridges and enhance morale.

Mr. Hales added that the actuarial reports impacted the audits. The pension boards were familiar with the assumptions. He expressed his hope that the City would issue a joint RFP (Request for Proposal) for actuarial services with the Police and Fire Pension Boards.

Alderman Stearns returned at 12:58 p.m.

Alderman Fazzini believed that the City should share the Pension Funding Policy ordinance with its state legislators.

Ms. Monte directed the Council to the Agenda for the day. The following items had been skipped: 4. Part I – Open Meeting: Review & Discussion of City Manager's Revitalizing Our City Organization Initiative; 6. Principals of Working Together; and 7.) Generate Database of Current Reality (Our First 6 Months) & Review Perspectives of Stakeholders. She reviewed the listening style approach handout. She planned to address the summaries, (community leaders - there were six; staff – there were nine; and Council). She noted what was said and were these comments in sync. The questions asked were not identical. She summarized the data. The Council interviews would be summarized. There would be time to share. She questioned what stood out.

Alderman Mwilambwe noted that things had lingered.

Ms. Monte noted that the focus had been on impediments. The Council needed to work on relationships, setting priorities, their role and the City's financial condition. Her goal was to move the discussion to setting priorities. The stakeholders who were City staff consisted of employees, department heads and City Administration staff.

Alderman Schmidt returned at 1:20 p.m.

Alderman Sage addressed economic development work. The City had an Economic Development Coordinator. The City was proactively telling its story and creating awareness. Time had been spent on the Downtown with a focus on developing a plan for same.

Ms. Montei believed that the Council was on track. The Council was functioning better.

Alderman McDade commented on the impressions of the City, the Council and City staff.

Employees

Mayor Renner was surprised by the low morale. He cited the culture change initiative.

Alderman Black commented on front page stories and the impact upon staff.

Alderman Mwilambwe believed that low morale had been long standing. He questioned the meaning of same.

Alderman Lower cited his recent campaign. There was a new mayor. He cited a team atmosphere and being a valued part of that team. He viewed the Council as the coach and the employees as players.

Alderman Schmidt noted managed competition. Alderman Lower believed this issue was long standing. Alderman Schmidt had heard comments regarding same.

Alderman Stearns echoed Alderman Schmidt comments regarding managed competition. She believed that there were other issues which impacted morale.

Mr. Hales stated that City staff were overworked and not compensated for same. There was job security. He cited recent collective bargaining language which allowed subcontracting. He addressed culture change as at this time it appeared that everything was about cost.

Alderman Lower believed that there was a line. The City would lose employees.

Mayor Renner believed that the City was a great place to work.

Alderman McDade believed that the responses from City staff would also be seen in the private/public sectors. The key was the Council's response to same.

Alderman Black suggested that feedback be gathered from City staff during the performance review process.

Ms. Montei noted the importance of consistency/integrity regarding routine practices. The Council needed to be clear.

Alderman Stearns addressed employee morale. She did not believe that employees would be candid with the Mayor and/or City Manager. The employees were talking. They were unhappy and believed that their comments/criticisms were not welcomed.

Ms. Montei noted the comments ran the spectrum.

Alderman Mwilambwe noted the issue of trust. This was a matter of perception. The City needed to find the balance.

Alderman Fazzini expressed his opinion that the set of concerns were irrational and illogical. He cited the Pension Funding Policy as an example. There should be no fear.

Alderman Lower believed that communication was the key.

Alderman McDade addressed the big picture. She noted that the stakeholders viewed things differently than the employees. The Council needed to address different audiences. The Council needed to think about the information presented. The Council had the data. The Council was not meeting the mark with the employees.

Alderman Fruin addressed morale. The City needed to move forward. The public sector was behind. He cited benchmarks such as employee turnover. Traditionally, government had offered stable employment. There were misconceptions in his opinion.

Alderman Black recommended that the City offer an employee hotline/ombudsman.

Mr. Hales noted that there were employees who had a negative view of the Human Resources Department. The Police Department had conducted annual employee surveys for several years. This practice could be expanded citywide.

Alderman Stearns noted the lack of a whistle blower policy, (*see Sikich audit*).

Administration/Directors

Alderman McDade noted the lack of feedback which she found distressing. She cited the negative public criticism. The Council needed to learn from same.

Alderman Schmidt stated that Council members had become involved in individual issues on behalf of constituents.

Ms. Montei noted that this would be part of the discussion regarding roles.

Alderman Fazzini cited the comment regarding Council deterioration.

Ms. Montei believed that the Council had made strides but there had been setbacks.

Mr. Hales stated that managers throughout the City lacked the time to manage people. They needed training and honest feedback. They were working supervisors who needed skills to improve.

SEGMENT ONE – 4. OPEN MEETING REVIEW & DISCUSSION OF CITY MANAGER’S REVITALIZING OUR CITY ORGANIZATION INITIATIVE

Ms. Montei directed the Council to Item 4. Open Meeting: Review & Discussion of City Manager’s Revitalizing Our City Organization Initiative. The discussion would involve high level points. This would be something for the Council to work on.

Mr. Hales addressed the initiative to revitalize the City organization. His first mandate was to address the City’s financial condition. This took the involvement of everyone, (Council, staff, etc.). He noted the recession and the City’s limited budget. There were employee layoffs and limited building construction. The recovery plan was focused on financial issues. It was a success story. There were zero percent salary increases for one (1) year for all employees except uniformed police and fire. There were organizational changes. Departments were consolidated.

It was time for further reorganization. The organization needed to be right sized. The hiring process culture was not up to date. The City vision addressed its core values. Employee hiring was critical and needed to be right and smart. Employees wanted to make a contribution. In the past, promotions were based on seniority. Many lacked the knowledge, skills and ability. This was coupled with no training. The Performance Evaluation system was weak. There were no performance evaluations for union staff. He described the system as management by objectives. The tool was inadequate. There was no training and no internal consistency. In the past, local government offered low pay and limited benefits. Today, these jobs were better paid and offered better benefits than the private sector. He noted defined benefit pension plans and the risk of offering same. There appeared to be an entitlement mentality, (i.e. job security, status quo, salary and benefits, etc.). The ideas of comparisons and competition appeared to be foreign.

In high performance organizations only a small percentage of the employees were described as great. Approximately fifty percent, (50%), of the employees did their job. There was approximately twenty percent (20%) who were described as problematic. They fought change and undermined the mission. Many organizations spent eighty percent (80%) of their time focused on twenty percent (20%) of the people. This was the result of poor hiring, training, supervision and feedback. His goal was for continuous, efficient, productive services. Change was constant and rapid change was needed. From the top down, there was no work/life balance. This showed in the results. The City needed to move from survival to customer service. The City needed to change the culture. There needed to be a commitment to continuous improvement. The City needed to be proactive. It was a monopoly which needed to monitor its services. His goal was outstanding customer service through process improvement. The City would not see revenue increases in the future. Costs were going up. The City needed to be lean, better and faster. The City needed to be about change. The question was the next real phase.

He recommended a revitalized City organization and staff. The focus would be on values. He was ready, able and willing to lead this change which would be of value to the citizens. All City employees would be involved. He would need their buy in to lead this change. Now was the time. He acknowledged that there would be questions.

This new phase would address performance excellence. The timeline would range from three (3) to five (5) to ten (10) years. It would not be simple. It would be major, significant and challenging. He cited the Malcolm Baldrige Performance Excellence Program. The Council was provided with a handout. This was a valuable program. It would serve as the foundation. He addressed the framework and the seven (7) points of same: 1.) leadership; 2.) strategic planning; 3.) customer focus; 4.) measurement, analysis & knowledge management; 5.) workforce focus; 6.) operations focus and 7.) results. The key was results. He would look at funded programs. Key questions included the need for and the relevance. He would also examine the purpose and achievement hopes. Programs needed to be cost efficient. There were limited resources to address core City services. A number of cities used this framework as it was a time tested program. The City must be customer friendly and effective. City processes would be continuously monitored. The time was right.

Directors would be consolidated. He planned to create a new Administrative Services Department. The divisions within this department included City Clerk, Human Resources, Information Services and Finance. There would be one (1) director who would possess critical thinking and analysis skills. This department would provide services to the operating departments.

The time was right to change the PACE (Planning and Code Enforcement) Department to Community Development. There would be higher expectations in the areas of communication and interaction with realtors, builders and labor unions. There would be open dialogue. These groups were critical stakeholders. Planning would include the community's vision.

He planned to integrate the Water Department into the Public Works Department. He noted the number of maintenance facilities. The City needed a single larger scale facility. He also suggested a regional facility. Citizens wanted shared services/responsibilities. This would require multi jurisdictional oversight.

He would need administrative assistance. He would not have time for employees. He would become engaged in the evaluation process. Creativity would be key. He would also become involved in coordination with other governmental entities. He would also examine the City Manager's Office. It would need to have the right assets, (i.e. the right staff with the right skills). There were issues with burn out, stress and anxiety. He lacked the resources and time to undertake an improvement process that would revitalize the organization. New hires needed to be aligned with future priorities. This initiative would require Council buy in and commitment. In addition, it would require department head and employee buy in. More information would be forthcoming. He restated that the time was right for a culture change focused on continuous improvement.

Mayor Renner expressed his opinion that it was time for this initiative. The City was a growing, changing community. The City faced serious challenges and needed to move forward.

Alderman Fazzini addressed transitional turbulence. This was a necessary step and there would be costs involved. Not taking action was not an option in his opinion. The City needed to move forward.

Alderman Schmidt expressed her support. It appeared to be the right time. She questioned how to engage City staff. She noted the impact upon the work lives of City staff.

Mr. Hales stated his intention to meet with the Directors next week. He would inform them of the Council's commitment. The next steps would include all City departments. The current culture needed to be examined from both negative and the positive perspectives. The question would be what has to change. He planned to show the value provided from innovation and creativity. He believed that employees had cultural aspirations which would be relevant, cost conscious, and address quality services. All would have a role to play and be a part of. Training would be focused on skill development. He planned to be the champion of change.

Alderman Schmidt believed the best part was the opportunity for there to be a conduit for good ideas from the employees.

Mr. Hales noted the employees must be engaged first. Empowered employees would buy into the change.

Alderman Mwilambwe addressed turnover City wide.

Mr. Hales cited retirements as age would be a factor. The City did not have a good succession plan. Millennials were particular. A work/life balance was key. The City needed to be competitive.

Alderman Mwilambwe addressed the mega departments. He questioned how to identify people with the right skill set to cover all of the areas.

Mr. Hales stated that there was no ideal candidate. There were core skills. He planned to search for new talent through aggressive recruitment. He planned to be selective in order to find the right person for the organization and culture.

Alderman Black noted that structure mattered. Citizens' responses had been positive to the idea of additional intergovernmental cooperation. Change was positive.

Alderman McDade stated that the City had improved. She cited financial stability as an example. The City was ready for the next level. The City culture needed to reflect what the citizens wanted. Mr. Hales wanted to lead the organization through this change. She

viewed this as a positive. She believed that energy and synergy would be created. She hoped that the City would retain the skilled employees and build upon same.

Alderman Fruin was glad to hear Mr. Hales' presentation. Citizens do not want to pay more taxes. At the same time, they do want to give up any services. He addressed quality of life issues. A cultural change would involve the City's collective bargaining units. There was a silo approach at the City. A culture change would require preparation time. In concept, he expressed his support. He questioned how it would be rolled out. There would be transitional costs. Employee buy in was critical. Regional approaches to government services would require cooperation from all involved. There were too many things on the City's plate. The City could not operate in a vacuum. He questioned a communication plan for the public. He acknowledged that the City had to start somewhere. This would be an evolutionary change that would take time to make happen.

Alderman Fazzini cited the number of intergovernmental agreements. The City would not be starting from zero.

Alderman Mwilambwe was in support of this change. He cautioned the Council that there would be upheaval. He recalled managed competition. The Council lost control of the conversation. The Council had to be careful with the message.

Alderman Lower was cautious. It sounded good. He questioned how to implement positive effective change with proper expense allocation. There would be transitional and ongoing costs. He expressed his interest in a cost benefit analysis.

Mr. Hales noted the procurement process which included life cycle costs. There would be education and information regarding long term savings. City staff needed to develop the expertise to perform fiscal impact analysis. City staff needed to gain trust through performance. City staff would need training in order to perform at a higher level.

Alderman Sage was excited about this change. It would involve a multiyear effort. There was an opportunity to hold a conversation with the citizens regarding service expectations and prioritization. Communications needed to be consistent with priorities and plans. He hoped that the City would build on priorities to find the balance between services and costs.

Mr. Hales stated that volunteerism was key. The City could not hire enough staff. There would be discussions with the various unions regarding culture change and the need to keep costs down.

Alderman Fazzini noted that the Bloomington Center for the Performing Arts and McLean County History Museum both used volunteers. There were people in the community who were interested in volunteering.

Mr. Hales added that the City needed to tap into local talent.

Alderman McDade believed that other cities have taken similar actions. She encouraged Mr. Hales to search for examples, learn from others and present options.

Alderman Stearns questioned what the City would look like. She also questioned the cost for this change. It sounded okay. She also questioned if the City's budget would be reduced.

Mayor Renner noted that these were means to achieve a cultural change.

Mr. Hales added that money would be spent to achieve the long term focus. He planned to reach out to the community's major employers regarding internal auditing and process improvement.

Alderman Lower recommended that the City also reach out to small businesses which are known for innovation.

Mr. Hales expressed his appreciation to the Council for their support.

Break 3:10 – 3:30 p.m.

SEGMENT TWO – 9. EXPLORE & DEFINE CITY COUNCIL PURPOSE

Ms. Montei opened this portion of the retreat with an exercise. She noted the Council's unique role. The Council addressed why they did what they do. This was a brainstorming session. A number of ideas were presented such as proper representation, stewards for the future, hopeful/positive, balancing leadership/decisiveness, transparency/dialogue, meeting needs/impacting lives, leaving a legacy, caring, teamwork, creating a great community, setting direction, proactively solve problems, value for tax dollars, policy adoption/decision, innovation, address long term issues, etc.

SEGMENT TWO – 10. MAP ISSUES, TRENDS & FORCES THAT BEAR ON FULFILLMENT OF OUR PURPOSE

Ms. Montei recommended that the Council craft a new statement. The Council participated in a Mind Map exercise. This written word wall mural addressed the following questions: "What issues, trends, and forces bear upon our ability to fulfill our purpose?" A Mind Map involved no conversation. The resulting mural should document trends, purpose, etc.

SEGMENT TWO - 11. IDENTIFY THE CROSSROADS AT WHICH THE COUNCIL STANDS

Ms. Montei stated that the crossroads represented what was just waiting to happen.

Mayor Renner cited the budget and the Downtown.

Ms. Montei encouraged the Council to name things that were just waiting to happen.

Alderman Sage noted the Downtown Plan.

Alderman Schmidt cited addressing failing infrastructure.

Alderman Lower cited prioritization.

Alderman Fazzini noted the budget.

Alderman Sage added service levels.

Mayor Renner cited three (3) items which were related to culture: 1.) Alcoholic Beverage Code; 2.) text amendment to Boards/Commissions; and 3.) appointment to Boards/Commissions.

Mr. Hales cited solid waste fee and service decisions.

Alderman Fruin stated water.

Alderman McDade cited revitalizing the City organization. She added guiding principals and a sense of purpose.

Mayor Renner added a Downtown plan and possible Downtown anchors. Alderman Fazzini believed that this would attract visitors to the Downtown.

Mr. Hales added Downtown taverns.

Ms. Montei sensed that the Council was ready.

Mayor Renner added that the Council had to believe that it was ready. The Council gain a better understanding of each other through relationship building.

Alderman McDade added that better understanding was gain through communication.

Alderman Black hoped that the Council would give citizens the government they hoped for and that there would be a positive response to same.

Alderman McDade noted the Council's meeting process.

Alderman Stearns stated that the Council needed to define who they were. This needed to be discussed. The Council did not follow its own rules. There should be a review.

Mayor Renner and Alderman Schmidt questioned meeting protocol and specific concerns.

Alderman Mwilambwe addressed economic development which was a critical part of revenue enhancement. He noted that the EDC would be hiring a new Director.

Alderman Schmidt addressed external communication, transparency, FOIA, (Freedom of Information Act), and the City's web site.

Alderman Fruin believed that the weekly radios spots, (Mayor and City Manager) were positive and should be continued.

Mr. Hales addressed decisiveness regarding the Downtown, Solid Waste Program and pension funding. He questioned when the Council would be ready to address upcoming financial issues.

Ms. Montei recommended deadlines for decisions.

Mr. Hales suggested that a timetable be developed and Council be ready to vote. City staff could provide assistance to frame the debate. A tax increase could be earmarked to a specific expense, (i.e. pension funding). This would help the public understand.

Alderman Schmidt encouraged the City to connect with the McLean County Chamber of Commerce.

Mayor Renner cited presentations to the Kiwanis and Rotary clubs. The Council had difficulty moving forward.

Mr. Hales suggested that information be placed on the City's web site for public comment.

Mayor Renner added that the City could solicit ideas from citizens.

Ms. Montei noted the length of time to make a decision and returning same to the citizens for their input.

Alderman Fruin stated that no one wanted to raise taxes. He questioned the tolerance level. There needed to be better understanding.

Alderman Lower wanted to know the highest priority.

Mr. Hales stated that the City could survey the citizens. Feedback regarding revenue enhancement might be easier to obtain than for expenditures.

The retreat close with an evaluation form provided by Ms. Montei.

The meeting adjourned at 4:45 p.m.