

**COMMITTEE AS A WHOLE SESSION
PUBLISHED BY THE AUTHORITY OF THE CITY COUNCIL OF
BLOOMINGTON, ILLINOIS
MONDAY, SEPTEMBER 21, 2015; 6:30 P.M.**

1. Call to Order

Mayor Renner called the meeting to order at 6:30 PM and asked the Clerk to call the roll.

2. Roll Call

Aldermen: Jim Fruin, Kevin Lower, David Sage, Mboka Mwilambwe, Amelia Buragas, Joni Painter, Karen Schmidt, Scott Black, and Diana Hauman

Staff Present

David Hales, City Manager, Steve Rasmussen, Assistant City Manager, Angela Jimenez-Fyans, Deputy Corporate Counsel, Cherry Lawson, City Clerk, Patti-Lynn Sylva, Finance Director and other City staff were in attendance.

Absent: Jeffrey Jurgens, Corporation Counsel

3. Public Comment

Mayor Renner opened the floor to public comment.

The following citizens offered comments to the Council:

Alton Franklin
Matt Sorensen
Judy Stearns
Gary Lambert
Donna Boelen
Karen Zangerle
Joe Walden
Joe Teague

4. Consideration of and action on Amending the Ordinance to Chapter 39 – Taxation, Section 130, to increase the Home Rule Sales Tax and designate the disposition of the increase.

Mr. Hales stated, he is seeking Council consideration for an increase in the Home Rule Sales Tax from 7.75% to 8.75%, which is a penny increase on every dollar on specified goods. The City does not take lightly any burden to make this increase. There is a critical need for additional revenue if the City wants to provide necessary services.

The City's recommendation is that the one percent (1%) breaks down to: .25% for mental health, .25% for street resurfacing, and the other .50% would be earmarked for Fiscal Year 2017

Standard Deficit. He deferred to Ms. Silva to provide a brief presentation for the needed tax in the General Fund.

Ms. Silva presented a PowerPoint presentation and said that the tax increase is estimated to achieve \$9,600,000 in revenue. The deficit currently is about \$7.3 million dollars for Fiscal Year 2017. The Solid Waste Gap is still part of the dialogue and even with this tax, the City would still have a small deficit until Fiscal Year 2020.

Mr. Hales stated it is important to note that all of the agencies are struggling is affected by the State of Illinois. The City still risk a possible loss of revenue, but need to keep in mind that the organization has some needs structurally, internally, and within our Operating Budget that is critical to be addressed first so that we can be healthy financially.

Alderman Sage stated, he sent an email earlier this afternoon asking about the possibility of having some conversation between having two votes; one on the .25% for county mental health services and one related to the proposed additional .75%...

Mayor Renner asked for a motion to continue discussion on the item.

Motion by Alderman Hauman, second by Alderwoman Painter to approve the amendment to Chapter 39 – Taxation, Section 130 to increase the Home Rule Sales Tax and designate the disposition of the increase.

Alderman Sage stated Council should have additional conversation regarding the .75%. That he would be interested in a second motion and vote for the other .75%.

Mayor Renner stated, that the decision is up to the Council.

Alderman Sage stated, Mr. Jurgens has provided some text to that, and asked Ms. Fyans to clarify the language.

Ms. Fyans stated, the Department of Revenue is very particular on ordinance language that is required. Alderman Sage would have to do a Motion, and then we would need to look at the necessary language to put in the ordinance. She recommended having one ordinance versus multiple ordinances. The .25% that would go to the county is actually in a separate code. If there is a desire to only increase the tax by .25%, then a Motion could be made to set the rate at 1.75% and then give the county 100% of the net proceeds collected from the increase. That said, whichever the increase, Mr. Jurgens would recommend that it be in one ordinance and as defined by the Department of Revenue.

Mayor Renner stated, if the motion does not pass, then we can amend the ordinance.

Alderman Sage stated he would like to offer a Substitute Amendment to allow for an opportunity for further discussion on the other .75%. He ask Ms. Fyans for assistance in formulating the language for the motion. I would propose an increase in the sales tax by 2.5% and to provide that

full increase to the county to amend the ordinance so that the rate is at 1.75% and stipulating that the county gets 100% of the net proceeds collected by the increase.” Is that acceptable?

Ms. Fyans stated there is a motion on the floor that requires action before another motion can be considered. If after the motion fails, then you could do Substitute Ordinance, and we would take a look at the necessary language and amend it before the Mayor could sign it. Only if the current Motion fails.

Alderman Sage, the purpose of my email was to see if any action and discussion could be taken before we vote on the proposed Motion. Council have to vote on the Motion that has been moved and seconded at this time.

Alderman Fruin stated, he has been weighing this decision for the past few days. It is too bad that we could not work our way up, as there are many critical issues that plague our community. There is a need for mental health, street resurfacing and Connect Transit, as it helps people be employed, get to and from work.

Mayor Renner stated, we are not blaming this on the county; this is due to the county’s Fiscal Year timetable. We have to get the documents in by September 30 or October 1.

Alderman Hauman stated she approves the .25% for mental health and .25% for streets, but expressed concern that the other .50% goes to the General Fund without any detail. Although it is early in the budget process, she is uncomfortable not knowing specifically where that is going.

Alderman Black stated, I am in favor of keeping this tax as one whole package, because there are really critical things that Council can mostly agree upon. We can agree on mental health and street resurfacing, but would like to have more detail about the General Fund. We need to keep this package together. We have a structural deficit and unless someone is coming to me with a specific cutting proposal, we are going to be making large cuts. This is what I have in front of me, and it has my support.

Mayor Renner, the only thing that was specified in the Town of Normal ordinance for the penny was a .25% for mental health. They have set different priorities. If Council does not take action, we are still going to have almost a \$2 million dollar structural deficit this year. The City is facing an almost \$5 million dollar deficit by 2019. Our costs are going up around 3% each year and our revenues are flat. This may mean that our BCPA is gone and we may have to layoff large numbers of people in the City. It might be as little as 75 or may be as much as 100 people.

Alderman Schmidt requested clarification stating on the .25% for street resurfacing. It was her understanding that it was only going for streets and sidewalks. Now, there is too much ambiguity in terms of those funds being used for infrastructure; sewers, water lines, etc. If we are not using it for what is below the streets, then that is a terrible message that we would be sending to the older part of town where residents were informed that we could not resurface their streets, and would tear them up later.

Mayor Renner, when we had the \$10 million dollar street resurfacing and floated the bond, and made it clear that we could also use them for sewers. That is a major issue...I could not agree more.

Alderman Schmidt asked whether this process is going to occur as it is important to her and residents within her community.

Mayor Renner stated it is critical for the West Side of town and all of the older neighborhoods. The City have obviously has sewer needs that are in need of repair. If this passes and if we do a street resurfacing bond, this would absolutely be clearly specified because otherwise it would be a major structural disadvantage to our West Side and older neighborhoods.

Alderman Schmidt stated she agrees with Alderman Hauman about our .50% going into the General Fund and the indication of what that is going to pay for. She is interested in Alderman Sage's proposal to have a conversation about the other .75%. The major recommendation from the Budget Task Force was, pay for those services that you use.

Alderman Painter stated she appreciates the time and effort that went into this. That she is willing to take action on this. Council needs to earmark those funds in the General Fund. I do not have a problem with the information that was presented by Ms. Silva as she provided: 1/5 for Police and Fire, 1/5 for Communications, 1/5 for Street Maintenance, 1/5 for Park Maintenance, and 1/5 for Fleet Management. If our debt grows, we will have to become insolvent. When insolvency occurs, the state comes in, seize all of our assets, and they impose their own Economic Development plan onto us, which most surely involves raising taxes to the highest legal limit, and then they figure out what we are going to do.

Alderman Buragas, the purpose of the General Fund is to pay bills and payroll. We do not have a sustainable budget. If we do not pass this tax this evening, we cannot pay our bills and we cannot make payroll. That is a huge problem. She understand the concern about wanting to have the allocations upfront, but that decision is Council's and we cannot be afraid to make this decision based on that. The City does not have a sustainable budget and unless we dramatically decrease our services, we are going to be laying off huge numbers of people. We have had numerous meetings and discussions from our budget, and we can change it to be sustainable, meaning that our costs are increasing the same as our revenue. It will not happen overnight. This current increase gives us time to have a rational and responsible approach. From my perspective, we have to do this.

Alderman Mwilambwe, It is pretty safe to say that Council have a consensus around mental health and possibly street resurfacing, sidewalks, and sewers. This is something that you would not expect in the modern world and needs to be done. He favors the increasing taxes for that reason; however, is unsure about the other .50%. The Budget Task Force made the picture a little clearer, including raising fees. I would like to pursue those fees versus just jumping on this .50% increase.

Alderman Lower, this City is becoming a city in which many of our citizens may not be able to live. That is unacceptable, especially when we are expanding the zoo, expanding the library,

working on an expensive lighting in downtown, expanding bike paths, more parking, etc. Council needs to look at the needs of the community, and not the wants. Council should repeal the .25% that we passed a while ago and deal with the BCPA coming up.

Mayor Renner, As Ms. Silva suggested, cuts are inevitable. There is a \$7.4 million is our deficit this year. That means we should have to shut down all of Parks and Recreation and then next year, we would still be back with a structural deficit.

Alderman Fruin stated, it concerns him that Council is being rushed to make a decision without having previous conversations, and the Food and Drink tax is over 10%; we are really impacting small businesses.

Alderman Black, I do not believe that this Council has the stomach to make some of the cuts.

Alderwoman Schmidt, challenged Council stating if you do not think we could make these cuts, why would you support a 1% sales tax? If Council does not support a 1% sales tax, then we really do need to make cuts. We need to get back to the role of municipal government in peoples' lives.

Alderwoman Buragas stated Council's focus should be on the big picture. If Council does not pass this 1% increase tonight, we will be staring at a \$7.4 million deficit next year and we will have very little time or flexibility to make changes. We are at a crisis right now and if we have reserves, I do not know that we have enough money to do that.

Alderman Mwilambwe, I say yes. We need to change fundamentally in how we provide services. Our cost drivers, like the rising cost of labor is something that we cannot make up within a year. I am looking forward to our creative solutions.

Alderwoman Schmidt, We need a plan and a timetable. I do not expect us to craft it tonight, but maybe some of us can put together a proposal.

Mayor Renner, Absolutely. We are still waiting on results back from the User Fee Study, but we can definitely put a timetable together.

Alderman Black, To answer your question, I think that the council has the stomach to cut using the Budget Task Force recommendations, but those are just a portion of what our structural deficit and I would be curious to see what my colleagues would do.

The Mayor directed the Council to vote, which resulted in the following:

Ayes: Aldermen Fruin, Sage, Buragas, Schmidt, Black, Hauman, and Painter

Nays: Aldermen Kevin Lower, and Mboka Mwilambwe

Motion passed.