



**COMMITTEE OF THE WHOLE SESSION
PUBLISHED BY THE AUTHORITY OF THE CITY COUNCIL OF
BLOOMINGTON, ILLINOIS
MONDAY, JANUARY 17, 2017; 5:30 P.M.**

1. Call to Order

The Council convened in Committee of the Whole Session in the Council Chambers, City Hall Building, at 5:30 p.m., Monday, January 17, 2017. Mayor Renner called the meeting to order and directed the City Clerk to call the roll.

2. Roll Call

Aldermen Present: Kevin Lower (arrived 5:31 p.m.), David Sage (arrived 5:39 p.m.), Mboka Mwilambwe, Amelia Buragas, Joni Painter, Karen Schmidt, Scott Black, Diane Hauman, Jim Fruin, and Mayor Tari Renner.

Staff Present: David Hales, City Manager; Steve Rasmussen, Assistant City Manager; Cherry Lawson, City Clerk; Brendan Hefner, Chief of Police; Jim Karch, Director of Public Works; Scott Sprouls, Information Services Director; Bob Yehl, Water Director; and other City staff were present.

3. Public Comment

Mayor Renner opened the meeting to receive Public Comment. No individuals provided comment during the meeting.

4. Consideration of approving the Committee of the Whole Meeting Minutes of November 21, 2016

Motion by Karen Schmidt, second by Alderman Painter, that the minutes of the Committee of the Whole Meeting of November 21, 2016 be dispensed with and approved as printed.

Mayor Renner directed the Clerk to call the roll which resulted in the following:

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

Nays: None.

Motion carried.

5. Presentation of FY 2017 Status and Year End Projection

(Presentation by David Hales, City Manager and Patti-Lynn Silva, Finance Director; 15 minutes, and Council discussion 15 minutes)

David Hales, City Manager stated that the presentation would examine finances as a whole, provide progress at mid-year (August 2016) and an update on year end projections.

Patti-Lynn Silva, Finance Director, noted that State Sales Tax Revenue and Home Rule had declined and was projected to lose \$1.5 million in FY 2017 based on significantly low prices on certain commodities including milk, bread, eggs, beef and low gasoline prices. The average FY 2017 gasoline prices were approximately \$0.28 per gallon less than the previous year. The City made a one-time, large (office) equipment purchase in FY 2017 estimated to boost City Sales Tax \$600,000 ahead. The City's share of State Income Tax had declined and was estimated to be under budget by \$500,000. One-time expenditures included land acquisition at \$1.4 million, Public Works Satellite salt dome at \$73,000, Coliseum Building and Safety at \$303,000, and Coliseum Venue Operations at \$860,000. Projected expenditures included Coliseum Venue Operations at \$570,000 and the Abraham Lincoln Garage at \$160,000. A revenue to expense analysis the City would break even. A surplus of \$1.5 million was originally projected, but corrected due to the declining Sales Tax Revenue.

Alderman Schmidt questioned sales tax revenue trends from year to year. Ms. Silva stated sales tax data was obtained months after budget projections were made. She noted that Internet sales (Amazon.com, etc.) take away from sales tax revenue. Alderman Black questioned the City's flat \$0.04 per gallon gasoline tax. Ms. Silva stated the gasoline tax was governed by both Sales Tax and Home Rule, and same did not necessarily trend together.

6. Presentation of the Police & Fire Pension Annual Financials

(Presentation by Mr. Hales, City Manager and Patti-Lynn Silva, Finance Director; 15 minutes, and Council Discussion 15 minutes)

David Hale, City Manager stated the Police and Fire Pension Funds presentation would recap the pension funding policy adopted by council several years ago, progress in the area of advance funding, and long term funding. Patti-Lynn Silva, Director of Finance, noted the Tax Levy Report. The report indicated what the City paid in addition to what the City was required to pay. Every year the funds were projected to 2040 and compared to the State plan. The funds were anticipated to be fully funded, with \$80 million in savings while bringing down \$117 million in liability.

There were three (3) components to funding year to year: City contribution, investment performance, and expenditures. Control of all three (3) could be difficult as they fluctuate over time.

Ms. Silva introduce Todd Schroeder, the City's Actuary with Lauterbach and Amen. Mr. Schroeder stated there were four (4) main reports he produces: two (2) were specific to how pensions were reported in audits, the other two (2) related to funding recommendations and projections. Mr. Schroeder noted the Actuary has two (2) roles: setting the target (what were expected benefit payments to be paid in the future), and how were the benefit payments paid for. When creating payment policies, stability in the market and efficiency in policies were considered. Mr. Schroeder noted that the City's contribution was over the State minimum requirement by twenty-five percent (25%). Projections over the next twenty-five (25) years indicate a three percent (3%) to five percent (5%) increase in contributions depending on the fund.

Mr. Schroeder stated the Firefighter's Pension fund, by the end of this projection period, would translate to approximately \$45 million in additional assets. The Police protection plan would yield approximately \$42 million in additional assets. Mr. Schroeder presented a summary of results from this year's evaluations. Current contributions were calculated at \$10,303,522 up from \$9,620,880 the previous year translating to a Current Year Funded Percentage of 50.44%. There were \$117,992,275 in unfunded liability. Mr. Schroeder stated that approximately \$10 million was paid out on an annual basis for benefits payments. Expected benefit payments were projected to climb to approximately \$14 million over five (5) years, and \$18 million by year ten (10).

Mr. Schroeder stated market volatility affected returns with an additional \$164,277 in contributions related to market performance. Figures presented were captured at the end of FY 2016, and updated figures would be captured at the end of FY 2017. There were expected to be four percent (4%) to five percent (5%) increase in contributions. Salary increases were less than expected. Demographic changes within the Police were greater than with the Firefighters. Bottom line increase in recommended contribution was \$682,642 between the two pension funds.

Alderman Painter questioned types of investments funds are invested in. Mr. Schroeder stated the State had strict rules regarding types of investments these funds could be invested in. Investments could be standard mutual funds, individual common stock, and corporate and government bonds. The State had a sixty-five percent (65%) limit in equity investment.

Alderman Mwilambwe questioned at what point were adjustments made in the expected rate of return. Mr. Schroeder stated long term expectations and capital market expectations by asset class were focused on. Capital market expectations were reviewed annually with the investment advisors and their expectations in respect to rate of return. Alderman Mwilambwe questioned if the City would be expected to contribute more. Mr. Schroeder stated that if there was a reduction in return on assets same would be required. Alderman Mwilambwe questioned expectations in the next three (3) to five (5) years. Mr. Schroeder stated information from the investment community was obtained and reviewed annually.

Alderman Lower questioned the additional contribution and investments impact. Mr. Schroeder stated if returns were higher than expected same would be factored into the current year and the following four (4) years.

7. Presentation of the U.S. Cellular Coliseum and VenuWorks Mid-Year Performance and Financial Report

(Presentation by Lyn Cannon, Executive Director, VenuWorks; 10 minutes, and Council discussion 10 minutes)

Mr. Hales stated that transition periods do not generate peak revenue. VenuWorks was brought in on short notice and that FY 2017 was considered the “transition year.” Tim Sullivan, Chief Financial Officer VenuWorks, introduced Russ Fergusson, Vice President, Terry Diedrich, Associate Director, and Lynn Cannon, Executive Director. Mr. Sullivan stated the financial update period was May 30, 2016 through November 2016. Mr. Sullivan stated the financial impact in the first seven (7) months was not unique to Bloomington. Gross revenues of U.S. arenas was down twenty percent (20%) between September and December. Mr. Sullivan noted that expenses were in line with projections and that VenuWorks was confident that moving forward an excess of \$200,000 would be saved on full-time payroll, same was based on assessment of an organizational chart. Mr. Diedrich stated nine (9) suites were renewed guaranteeing revenue of \$610, 000 over five years. In that same time frame ten (10) sponsorships were renewed guaranteeing \$251,000. He noted naming rights were currently being negotiated.

Mr. Fergusson stated many safety issues were addressed. New food and beverage carts were purchased and installed. Technology upgrades allowed for credit card sales at all locations.

Mayor Renner stated anecdotal concerns were raised over the summer, and if they were addressed. Mr. Fergusson responded affirmatively.

Ms. Cannon provided recent event results and reviewed upcoming events. Ms. Cannon state future opportunities were being explored.

Alderman Black questioned marketing plans of events. Ms. Cannon stated print and radio advertising was used. The majority of advertising was done a couple weeks before each event. Marketing strategy was reviewed for each individual event. Social Networks were being explored as a marketing tool.

Alderman Lower questioned expected City contributions and the rate of return to be expected. Mr. Sullivan stated the goal is to reduce operating loss. Alderman Lower questioned if breaking even on operating expenses was a realistic goal. Mr. Hales stated a significant separation between operating expenses and capital expenses.

Alderman Fruin questioned community advisory group benefits. Ms. Cannon stated cross partnerships with other businesses would be beneficial. Mr. Sullivan stated the biggest deciding factor in the success of an advisory group was the amount of control said group would have over the venue.

Alderman Mwilambwe questioned if VenuWorks had a better understanding of the community in an effort to reach optimal operations. Mr. Sullivan noted the importance to scrutinize individual events versus benchmarks such as number of events in a defined time frame. Mr. Sullivan stated diversity was also key.

8. Presentation on creating a Traffic Advisory Committee

(Presentation by David Hales, City Manager; 5 minutes, and Council Discussion 15 minutes)

David Hales, City Manager, noted that the most common citizen complaints on previous Traffic Advisory Commissions (TAC) was lack of opportunity for staff to engage the public and process transparency. Mr. Hales stated moving forward that transparency and more citizen engagement were key for transportation changes. Collaboration between said TAC and the Council was imperative.

Alderman Buragas believed more transparency and involvement was needed. The name Staff Traffic Advisory Committee was misleading because staff was not the sole participants. Mr. Karch, director of Public Works, noted that Mclean County Regional Planning, District 87, Unit 5, Connect Transit were involved. Other departments were included as needed.

Alderman Buragas stated that community stakeholders should continue to be part of the process. Most residents' complaints involved not being able to communicate with the decision makers resulting in lack of understanding. She believed if conversations were not being held publicly it meant Council was not involved. Decisions on transportation issues should involve Council. Formalizing committee structure was suggested.

Alderman Lower stated that TAC and suggested transportation changes were not community driven. Focus should be place on repairing streets.

Alderman Black stated support for more citizen involvement and collaboration.

Alderman Schmidt questioned if TAC was more open would it include citizens. Alderman Buragas responded yes, it would include one (1) or two (2) citizens.

Alderman Sage stated a phased-in approach may be appropriate to including citizens due to the technical expertise required in the subject matter. Mayor Renner clarified an open meeting with public comment should be considered. Mr. Hales suggested an ad hoc committees on specific policies as an option. Alderman Mwilambwe stated care should be taken not to overburden staff.

9. Presentation on allocating resources to advertise, attract, and employ a Traffic Engineer for the Public Works Department

(Presentation by David Hales, City Manager; 5 minutes, and Council Discussion 10 minutes)

David Hales, City Manager, stated Traffic Engineers traditionally were Civil Engineers who had chosen to specialize in traffic. Jim Karch, Director of Public Works, noted that according to national guidelines, traffic engineering in the City was lacking based on community size. Proper resourcing was key. One city employee was currently working an average of sixteen (16) hours per week addressing traffic complaints, requests, and concerns.

Alderman Lower questioned why this was not addressed at the time of growth. Mr. Karch stated that the City had employed a Traffic Supervisor and Traffic Technician who retired and were not replaced. Alderman Lower believed further community engagement is needed prior to moving forward.

Alderman Sage cited concern for rehiring justification. Alderman Schmidt questioned contracting opportunities. Mr. Karch stated that contractors were currently utilized and was at a point that a permanent employee was required. Alderman Hauman stated that transportation should be viewed in modern way. Safer biking opportunities and electronic charging stations would make the community more attractive to recent college graduates and businesses. Alderman Hauman questioned consultant fees. Mr. Karch stated a Traffic Engineer would accommodate part of the currently outsourced workload. Alderman Mwilambwe questioned if the Traffic Engineer position required additional assistance. Mr. Karch stated that a Traffic Engineer would be able to manage Council expectations.

10. Adjournment

Motion by Alderman Hauman, seconded by Alderman Black, to adjourn Committee as a Whole Session. Time: 7:30 p.m.

Motion carried. (Viva voce)

CITY OF BLOOMINGTON

ATTEST

Tari Renner, Mayor

Cherry L. Lawson, City Clerk