CITY COUNCIL QUESTIONS/COMMENTS – STAFF RESPONSES
FOR MONDAY, NOVEMBER 28, 2011 CITY COUNCIL AGENDA
AS OF NOVEMBER 28, 2011 AT 8:42AM

Councilman: Steven Purcell
Item: 6C-Consent Agenda: "Required Reporting to Municipality by Pension Board for Fiscal Year 2010-2011-Fire; Required Reporting to Municipality by Pension Board for Fiscal Year 2010-2011-Police"
Question/Comment: "Will the funded ratios of 51.38% for Fire and 58.23% be enough for when they retire and what is our plan for adjusting this amount to be adequate?"
Staff Response: The State Statute requires municipalities to fund police and firefighter pension funds based on a sound actuarial study that gets each pension fund to a 90% level by the year 2040. The City's pension boards have retained Art Tepfer to perform their actuary's. Mr. Tepfer compiles financial information in an annual presentation of his actuarial report. The reports includes an analysis of the plans for funding. Art will be attending a City Council Meeting in December and will be able to answer any additional questions**.** Attached please find the November 8, 2010 City Council "Police and Fire Pension Actuary Analysis" Work Session with Mr. Tepfer.

The City has historically contributed no less than the amount actuarially required. Therefore, the City's police and firefighter pensions should be 90% funded by the year 2040. Keep in mind, the Calendar Year 2011 Tax Levy will be collected in FY2013 so there is a lag. For the FY2011 Tax Levy, Staff recommended the Tax Levies for the police and fire pensions remain at its FY2010 Levy amount. For the 2011 Tax Levy the minimum contribution for the Fire Pension is calculated at $2,861,552. The Tax Levy estimate presented to Council has Staff's recommendation of a $3,407,498 or a contribution of $545,946 above the minimum contribution. For the 2011 Tax Levy the minimum contribution for the Police Pension is calculated at $3,056,933. The Tax Levy estimate presented to Council has Staff's recommendation of a $4,057,967 or a contribution of $1,000,034 above the minimum contribution. Staff expects these higher contributions to increase the long term sustainability of these pension funds over the next few years.

Councilman: Jim Fruin
Item: 6C-Consent Agenda: "Required Reporting to Municipality by Pension Board for Fiscal Year 20120-2011-Fire; Required Reporting to Municipality by Pension Board for Fiscal Year 2010-2011-Police"
Question/Comment: "Should the funded ratios of 51.38% for Fire and 58.23% for Police be updated in Item 7A within the section titled "City Pension Plans" to better reflect current information? (Note related comment in 7A referenced below with regard to the extremely low 21.23% funding ratio for IMRF). Going forward with regard to the Police/Fire Pension funding allocations beyond the required/mandatory levels, should we try to keep these two particular ratios in relative balance? If so, we would provide any extra funding to the Fire side to catch up with the Police side. Would this made sense?"
Staff Response: The City's comprehensive annual financial report (CAFR) has always used the prior year's actuarial information due the fact it has to be published no later than October 31st of each year. The current year's actuarial studies tend to come in too late for inclusion in the current year's CAFR. More importantly, the current year's actuarial information is used to determine the tax levy requirements for the subsequent fiscal year.

Councilwoman: Judy Stearns
Item: 6C-Consent Agenda: "Required Reporting to Municipality by Pension Board for Fiscal Year 2010-2011-Fire; Required Reporting to Municipality by Pension Board for Fiscal Year 2010-2011-Police"
Question/Comment: "My questions on 6C somewhat reflect Steven Purcell's concerns. With respect to OMA, I respectfully request no response from City Council with concern for OMA. I certainly welcome a discussion on that at City Council in an open forum. I do expect to see my question printed for one and

all to review at City Council and I will be sending both the questions and your answers as **well for review** by some interested citizens. On 6C, the funded ratio of both police and fire pensions is more than what was reported in the fiscal year 2012 Budget Binder based on the actuarial valuation from May 1, 2009. Looking at that budget binder, I see that the actual investment return for the fire pension was reported at 18.21% and the return for the police pension fund was reported at – 19.00%. The percent of unfunded liability according to my calculation was 49.35% for police and 50.23% for the fire pension. Obviously, we also increased our levy to increase our funding of these funds. 6C of the current report states that our current actual investment return was estimated at 7.5% but the actual return was 11.27% for fire and 1023 for police and for 2010, the investment return was 20.2% and 17.4% respectively. I may have missed something here but I do not understand the ve3ry significant increase in the return on investment. I would have assumed that the 7.5% alone was high. Even in spite of these large returns on investment, our fire fund remains at 48.62% unfunde3d liability. How is this explained? While I understand the amount needed to pay all pensions for this year as well as the amount needed to meet the requirements of the fund, do we have estimates for the next fiscal year based on the actuarial assumptions currently in place? I am assuming that the actual amount needed to pay all pensions and other obligations provided in the Article will significantly increase. I understand that based on recent "pension reform", our mandated statutory contribution may NOT increase, but that will only add to the long term liability. 6C states that "these tax levies are expected to continue to increase as the City continues to fund the current and non-current portions of the benefits promised by these defined pension funds." Yet, I believe these pension funding sources other than increasing tax levies each year, or if we are going to increase levies, we need to understand what might be required. My concern is for decreasing the long term liability while not necessarily continuing to increase the tax burden on our citizens. Thank you for your responses".
Staff Response: You ask some good questions. Unfortunately, Staff will not be able to answer all of them prior to tonight's meeting. Staff has invited Art Tepfer, Actuary for the Police and Fire Pension Boards, to attend a City Council meeting in December. This will be a good opportunity to discuss a myriad of issues related to the Public Safety Pension Funds. We are also working on drafting some Pension Fund FAQs which will be posted on the City's website. This FAQ document and other information will serve as one source of information going forward. In addition, it should be noted that there is going to always be a difference between the police and firefighters pension funds investment earnings as reported in both the budget and comprehensive annual financial report and appearing in the actuarial report because the actuarial report spreads investment earnings over several years to reduce contribution spikes. It should also be noted that the City Staff is still waiting to receive the detailed actuarial reports from Art Tepfer.

Councilman: Mboka Mwilambwe
Item: 6D-Consent Agenda: "Renewal of Proposal for Testing Services Corporation (ISC) for Asphalt and Portland Cement Concrete Plan Inspection and Laboratory Testing, Subsurface Soil Exploration, and Geotechnical Investigations"
Question/Comment: "What was unacceptable about Terracon's proposal pricing and customer service levels?"
Staff Response: In the past, Staff has had concerns about Terracon's staffing level at the Bloomington Office. Many times testing needs arise with little advance notice; the ability of the selected firm to respond quickly with qualified personnel is essential to the performance of the work. In the past, Staff has also experienced difficulty with Terracon in the area of communication during projects, for instance not contacting the City when a load of concrete leaves the batch plant outside the specification limit for

air entrainment content. The following excerpt from the 2009 Council memo does a good job of spelling out some of the main pricing concerns regarding Terracon:
"The proposals were evaluated in terms of the best qualified firm offering the best value, including the relative merits of the firm's qualifications as they might affect City operations. Testing Service Corporation has sufficient qualified staff at its Bloomington branch office to provide the services required by the City and does not require a minimum notification time, minimum callout or trip charges for their services. Terracon's proposal includes a 24-hour advanced notice requirement prior to obtaining services and a 4-hour minimum call out for many frequently used personnel services which would significantly add to the overall cost of the work."

Councilman: Steven Purcell
Item: 6E-Consent Agenda: "Resolution to Cede the City's Allocation of the Private Activity Bonding Cap to Eastern Illinois Economic Development Authority (EIEDA)"
Question/Comment: "Why don't we use this amount for our own projects? What liability to the City does this present? How does THIS affect us for next year, if EIEDA uses the majority of this money?"
Staff Response: The City has not received any requests from local residents/business, etc., for a private activity bond volume cap. If the City has received a request locally, Staff would not be recommending the cap be transferred to EIEDA. In past years, the City Council has approved its private activity bond volume cap to a local developer. The City does not have any financial liability with regard to private activity bonds. The municipality is merely letting a developer use its tax exempt bond status to obtain lower borrowing costs. If the City does not have a specific project identified for 2011 private activity bond financing, the cap automatically gets transferred over to the Governor's Office for allocation as the State sees fit.

Councilman: Mboka Mwilambwe
Item: 6E-Consent Agenda: "Resolution to Cede the City's Allocation of the Private Activity Bonding Cap to Eastern Illinois Economic Development Authority (EIEDA)"
Question/Comment: "If the 70K materialized, how would they be used and are there restrictions on how they can be used?"
Staff Response: Any fee returned as a result of the sale of the bonds would be directed to the general fund as revenue and be used as directed through the budgeting process.

Councilman: Rob Fazzini
Item: 6E-Consent Agenda: "Resolution to Cede the City's Allocation of the Private Activity Bonding Cap to Eastern Illinois Economic Development Authority (EIEDA":
Question/Comment: "Why was there no mention of the agreement by EIEDA if asked to "re-transfer Bloomington's volume cap with no questions? At least that was the agreement mentioned in the 9-21-11 letter in the package. Does the same agreement hold for this current ceding of our volume bonding cap? Also, would there be a 1.0% fee due to EIEDA if the volume bonding cap were re-transferred to Bloomington?"
Staff Response: The bonds in question are related to our eligibility to sell them. There are no bonds actually sold or in need of transferring back unless there is a specific project to apply them to.

CITY COUNCIL QUESTIONS/COMMENTS – STAFF RESPONSES
FOR MONDAY, NOVEMBER 28, 2011 CITY COUNCIL AGENDA
AS OF NOVEMBER 28, 2011 AT 8:42AM

Councilman: David Sage
Item: 6F-Consent Agenda: "Suspension of Ordinances to Allow Consumption of Alcohol at Miller Park Pavilion on December 17, 2011"
Question/Comment: "Would ask that this item be moved to the Regular Agenda. I have checked with Todd Greenburg and he sees no conflict of interest with voting on this, but I step out during the Regular Agenda vote."
Staff Response: Correct.

Councilman: Jim Fruin
Item: 6F-Consent Agenda: "Suspension of Ordinances to Allow Consumption of Alcohol at Miller Park Pavilion on December 17, 2011"
Question/Comment: "I am supportive of this suspension of the Ordinance on 12-17-11. While it is reported that the petitioners do not live in the City, the bride to be is a former resident and her parents are current residents. If we do not have any current guidelines on the residency issue, I would suggest the Liquor Commission take the issue under advisement. My opinion would be that either the petitioner or a close family friend should have some residency tie within the City. I believe caution should be exercised for future petitioners who do not have any residency ties. My thoughts."
Staff Response: Staff will forward your suggestion on to the Liquor Commission.

Councilman: Mboka Mwilambwe
Item: 6G-Consent Agenda: "Request from Wingover Six, LLC requesting approval of a Dedication of Public Easement in Lot 262 in Airport Park Subdivision, 6th Addition located west of Towanda-Barnes Road and north of Empire Street, (IL RT 9)"
Question/Comment: "What is the City policy when Developers fail to assume the costs they've previously agreed to pay for? I thought of this because these parks and ponds that the City ultimately has come to maintain when a Development has faced financial difficulties."
Staff Response: Chapter 24 of the City Code requires that a performance bond be in place prior to approval to move forward with construction of future publicly maintained infrastructure. The bonds protect the City in the event that the infrastructure is not completed.

Councilman: Jim Fruin
Item: 6I-Consent Agenda: "Text Amendment Approving an Ordinance to Amend Ward Boundaries"
Question/Comment: "I am supportive of the Ordinance change. Some observations of note, based on the Staff report of changes."

1. Ward One: 2 new precincts gained. 2 precincts move to Ward 2
2. Ward Two: 2 new precincts gained 3 precincts lost move to Ward 6
3. Ward Three: 5 new precincts gained. 2 precincts move to Ward 5 and 4 precincts move to Ward 9
4. Ward Four: 2 new precincts gained. 1 precinct lost moves to Ward 1
5. Ward Five: 2 new precincts gained. 1 precinct moves to Ward 8 and 1 precinct moves to Ward 9
6. Ward Six: 3 new precincts gained. 1 precinct lost to Ward 7
7. Ward Seven: 1 new precinct gained. 2 precincts lost move to Ward 4
8. Ward Eight: 1 new precinct gained. 1 precinct lost to Ward 1
9. Ward Nine: 5 new precincts gained. 5 precincts lost to Ward 3

23 of 52 precincts will move to different Wards. 45% movement

Precincts range in population from 621 (NW corner of Towanda Barnes and GE Road to 2855 on IWU Campus. Overlap of our last two maps (2000 and 2005) show a few neighborhoods have bounced Wards more than others.
With staggered odd/even terms forthcoming in 2013-2015, there will be significant crossover of Aldermen contact.
Staff Response: Correct

Councilman: Rob Fazzini
Item: 6I-Consent Agenda: "Text Amendment Approving an Ordinance to Amend Ward Boundaries"
Question/Comment: "The color ward maps work for those who do not suffer from any form of color blindness. Unfortunately, differentiating wards and precincts is a particular challenge for me because of partial colo9r blindness (dark colors and pastel colors). From what I am able to discern, it seems to me that Ward 7 indicates no change in any precincts from the current map to the alternative map 1 in the propose Ordinance. Comparison of the two maps does seem to indicate some changes. Which is correct, the proposed Ordinance or the maps? If there is an error in Ward 7, then would you please check the other Wards to ascertain if the changes in the proposed Ordinance vary with the changes in the maps?"
Staff Response: Staff added a thicker border to help with the issue for color blindness. Staff has also added another map to change Ward 7 color to gray to help with color**.** Both maps are attached. Precinct numbers have been added to relate to the Ordinance text as well.

Councilman: Mboka Mwilambwe
Item: 7A: Regular Agenda: "Acceptance and Presentation of Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended April 30, 2011"
Question/Comment: "Could you tell me how many years of solvency we have left at the current funding levels for our pension funds? I was not able to find that information in the packet or any other documentation?"
Staff Response: State Statutes require municipalities to fund police and firefighter pension funds based on an actuarial calculation that gets to a 90% funding level by the year 2040. If the 7.5% assumed rate of return is generally exceeded, the goal would be met sooner than 2040. If investment returns on average fall below 7.5%, the annual employer contribution will increase to ensure the 90% is met by the year 2040.

Councilman: Jim Fruin
Item: 7A-Regular Agenda: "Acceptance and Presentation of Comprehensive Annual Financial Report (CAFR) for Fiscal Year Ended April 30, 2011"
Question/Comment: "With the extremely low funding level of 21.23% (year 2010) for the City's IMRF account, it seems that any "extra" Pension funding allocations should be allocated to this fund, in order to catch up with the existing Fire and Police funding levels. Does this make sense?
Staff Response: The IMRF level of funding was only at 21% as of December 31, 2010 due to the early retirement program that was offered recently. The City makes its regular payments in addition to a supplemental $2.5 million to $3.0 million payment over the next few years to pay off the liabilities incurred from the ERI program. IMRF reallocated assets from the regular retirement program to the ERI program. Over the next several years the level of funding will return to 100% as the City makes additional contributions into IMRF due to the ERI program.

CITY COUNCIL QUESTIONS/COMMENTS – STAFF RESPONSES
FOR MONDAY, NOVEMBER 28, 2011 CITY COUNCIL AGENDA
AS OF NOVEMBER 28, 2011 AT 8:42AM

Councilwoman Stearns
Item: 7A-Regular Agenda: "Acceptance and Presentation of Comprehensive Annual Financial Report (CAFR) for Fiscal Year Ended April 30, 2011"
Question/Comment: "Will the Auditor or someone from Sikich be present to answer question on the CAFR or management report? As the City was on vacation last Friday, this was the soonest I felt I should put these questions on email. Here are a few more. What is the logically expected return on investments of pension funds for the next year? Including police, fire, OPEB, and IMRF, what is the total unfunded liability at the end of 2011 FY? I would also like to see those numbers for any of our liability for insurance for any of our disabled police or fire retirees. What number do the actuaries use for life expectancy when projecting funding needs for the future for our retirees? What percentage of our pension funds are invested in equities? By all means, forward these questions to the auditors or accountants."
Staff Response: Auditors from Skich will be here to answer any questions regarding the CAFR. The Actuary, Art Tepfer will be at the December 19th Council Meeting.

Prepared by:
Barbara J. Adkins
Deputy City Manager

WORK SESSION
Police and Fire Pension Actuary Analysis
Proposed Drought Ordinance
November 8, 2010

Council Present: Aldermen Judy Stearns, Kevin Huette, Bernie Anderson, David Sage, Steven Purcell, Karen Schmidt, Jim Fruin, Jennifer McDade, and Mayor Stephen F. Stockton.

Alderman Absent: Alderman John Hanson.

Staff Present: David A. Hales, City Manager, Barb Adkins, Deputy City Manager, Tim Ervin, Director of Finance, and Renee Gooderham, Deputy City Clerk.

Staff Absent: Tracey Covert, City Clerk.

The Work Session was called to order at 5:00 p.m. Mayor Stockton cited the Work Session topics and reviewed the agenda. He stated that police and fire pensions were being discussed throughout all levels of government.

David Hales, City Manager, opened the meeting. Pensions had been discussed in the past year. Significant tax levy amounts were set for three (3) pensions: 1.) Fire; 2.) Police; and 3.) Illinois Municipal Retirement Fund (IMRF). Council would be asked to set the property tax levy on the upcoming City Council meeting. One (1) of the pension boards requested that Art Tepfer, Consulting Actuary, Tepfer Consulting Group, Ltd., discuss the actuary reports prepared. He discussed the minimum statutory funding level for the property tax. His reports played an integral part in the financial statement, property tax levy amounts and employer contributions. This was an opportunity to discuss and ask questions of Mr. Tepfer. Mr. Tepfer had been asked to provide a description of his actuary role. Mr. Hales stated that Mr. Tepfer was an excellent resource. He reminded Council that the Resolution urging the Illinois General Assembly and Governor to Support Meaningful Public Safety Pension Reform was on tonight's City Council agenda.

Art Tepfer, Consulting Actuary, Tepfer Consulting Group, Ltd., addressed the Council. He explained that an actuary performs an actuary valuation of each pension fund. A valuation was a statement of the position of the pension fund at a particular time. The pension fund was constantly changing. There are three (3) parts to the valuation: 1.) statute; 2.) demographics; and 3.) assumptions. The statute was unchanging. The Fire and Police Pensions were different and unique to their profession. The demographics contain a certain number of employees each with specific characteristics. The assumptions were expectations selected by the actuary to anticipate future events. He cited examples of assumptions: 1.) investment returns; 2.) salary increases; 3.) payroll growth; and 4.) how assets were managed/return on same. In the City there were two (2) actuaries the Department of Insurance and Tepfer Consulting Group, Ltd. Both actuaries utilized different assumptions, which produced different results and neither would be correct.

Actuaries attempt to account for what was occurring and what was going to occur. These combine to produce a budgeting approach. The tax levy was a methodology in an attempt to budget the future for promises made by the pension system. A funded ratio was a measurement taken of the assets related to liabilities. He stated that the City was reasonably funded. According to his calculations the City was at fifty percent (50%) funding. It was his belief that the City was not required to be 100% funded. The basic funding formula was contribution plus long term investments equals benefits paid (also known as pension fund assets). The unknown was the future paid benefits, future investment earnings, and the contributions required to make the fund balance. He believed that the key to governing the fund was to have reasonable assumptions. Statistics had been used for mortality rates, turnover and retirement. Unique to the community was salary increases and investment returns. In the long term, seven and half percent (7.5%) was used for the investment rate of return. His concern was the pension received by the youngest police officer or firefighter. Looking back ten to twenty (10 - 20) years both funds had averaged seven and half percent (7.5%). The investment return represented sixty-five percent (65%) of the total fund. Contributions only account for thirty-five percent (35%) funding. The General Assembly decided the benefits.

Alderman McDade arrived at 5:15 p.m.

He provided a history of the pension fund. Illinois was the worst funded pension system in the country. Contributions had not been made. The pension fund was formularized in 1980 and funding set. The participants were required to contribute a percentage of pay, about six percent (6%). Municipalities were required to contribute twelve percent (12%). Since that time all pension changes had been bargained. Currently, police officers contribute 9.9% and firefighters contribute 9.34% towards their pension. A calculation called unfunded liability occurred in 1980. This was a measurement of the amount of money that the fund should have compared to the assets. He compared the unfunded liability to a mortgage. At a rate of six and half percent (6.5%) the payments would be level. In 1988, the fund was refinanced to seven percent (7%). The major change occurred in 1993 with another refinancing. The seven percent (7%) remained but a new forty (40) year schedule was given. The methodology changed from a level payment to a level percentage of payroll. This took the seven percent (7%) and paid it off at one and half percent (1.5 %). The amount not paid was then added to the principle. In 1999 assets crashed. He believed following the Department of Insurance's guidelines worked mathematically but not practically. The cost was being pushed to future taxpayers. Mr. Tepfer stated his principles 1.) build the assets; 2.) set a budget approach; and 3.) make the current taxpayers pay the payments. He believed the system was flawed. Some municipalities failed to make the required contributions.

Alderman Stearns questioned if some cities fund pensions beyond the required amount. Mr. Tepfer provided two (2) calculations the statutory minimum contribution amount and the level dollar amount. He believed that those municipalities who have contributed the recommended amount were better funded. They were trying to keep contributions from being influenced by outside sources. They assumed 1.) a payroll growth and 2.) provided a growth curve for the assets. He had reviewed reports. The City's $35 million liability had a gain/loss this year of approximately $1 million. The assumptions were correct for this year. The report provided for an increase in contribution due to anticipated pay changes.

Mayor Stockton cited the growth in police and firefighter personnel within the City. He questioned if continued growth was assumed. Mr. Tepfer responded that they did not anticipate future hiring. Mayor Stockton questioned the fifty (50%) funding level. Mr. Tepfer stated his target was ninety (90%) funding. He believed the City was funded at more then half (½). He reminded Council that this was an assessment at a point in time. The funds that were higher funded were smaller. Investments were limited. He stated that the City had a well managed fund. Disability pensions were reasonable. He was comfortable with funds that make the contributions and use techniques to control liabilities and costs.

Mayor Stockton questioned future requirements. Mr. Tepfer provided the Illinois Municipal League (IML) report. The new proposal created a second (2^{nd}) tier. IML proposed a three percent (3%) contribution from payroll. This was less then the Social Security contribution. The final negotiated cost to municipalities dropped from twenty percent (20%) to 14.5 - 15%. Police officer contribution remained at ten percent (10%). Another change went from a forty (40) year period to a thirty (30) year rolling period. He explained that the thirty (30) year rolling period was not expected to push so many costs to the future. The IMRF has the authority to obtain contributions from sales tax revenue. The City contributed the minimum required by statue. Contributing more would stave off some future problems. Pension costs will continue to increase. As long as the City continued to grow and meet cash flow he believed the City would be fine. Interest rates decreased and assets devaluation caused the pension crisis.

Alderman Purcell questioned the City's contribution under the proposed plan. Mr. Tepfer responded that the contribution would remain the same for the current group. Change would come from the amortization schedule. The change would result in a twenty percent (20%) drop from the top of the contribution level. Alderman Purcell understood that current employees were on one (1) plan and new hires would be on another plan. Mr. Tepfer responded affirmatively. Alderman Purcell questioned ninety percent (90%) funding during a better economy. Mr. Tepfer explained that more money in the fund allowed more earnings resulted from investments. Alderman Purcell questioned the difference between the recommend contribution and the state requirement. Mr. Tepfer stated from $4 to $5.2 million for police and fire from $3.4 to $4.4 million. If the recommend contribution was made then next year's payment would not be as large. He used the analogy of a mortgage for comparison. A late payment included interest the regular payment should have earned.

Alderman Stearns questioned the pension fund defaulting. Mr. Tepfer stated that it had not happened in the downstate area. He restated that cash flow must be met. The municipality becomes the balancing item for the fund when investments were down. He did not believe a city could default unless it went bankrupt.

Alderman Anderson asked Mr. Tepfer to compare his other clients to the City. Mr. Tepfer stated that not all clients had the same actuary assumptions. Funded percentage would be hard to measure. Alderman Anderson questioned the smaller municipalities' percentage. Mr. Tepfer responded generally the higher the interest the higher the funded percentage.

Alderman Sage questioned if lawmakers had the courage to deal with the situation. Mr. Tepfer cited the system had a built in flaw, an escalating contribution in a small fund. The goal of the flaw was to force municipalities to make the required payments. The economy was the major cause of the decline. He believed the General Assembly had sympathy towards municipalities. There were suggestions of using a defined contribution or a consolidation theory benefit plan. He was opposed to both. His sympathies laid with uniformed personnel. He worked for many municipalities. His goal was to make sure the pensions were soundly funded. He would take the steps necessary through the actuarial process.

Mr. Hales questioned the difference in agreements after the negotiations broke down. Mr. Tepfer cited the following modifications: 1.) the average period for salary was four (4) years instead of eight (8); 2.) keep the joint and 2/3 survivor; 3.) retirement thirty (30) year instead of thirty-five (35) with a different schedule; 4.) early retirement went to three percent (3%) instead of the six percent (6%) per year; and 5.) various negotiated changes. It was believed that these were not benefit modifications but benefit reductions. Those impacted questioned compensation for these modifications. The discussion broke down after it was decided that an agreement could not be reached. There was a belief that there would be a mandate. Mr. Hales suggested that legislators take what was almost agreed to and include the mandated contribution. Mr. Tepfer believed that would have been a simple solution.

Mr. Hales believed the controversy stemmed from negotiated issues. There were some people who believed the current pension system was too rich. Legislators question how through reform financial stability could be achieved. Mr. Tepfer responded affirmatively. He reminded Council that the original proposal was three percent (3%) of pay which was agreed upon. Senator Link was not in favor of this amount. This would have lowered the municipal contribution from the schedule eighteen percent (18%) to three percent (3%). This amount would have been less then the amount put into Social Security. He reminded Council that police officers and firefighters were not covered under Social Security.

Mayor Stockton questioned if a city could set its own mandated minimum contribution. Mr. Tepfer responded affirmatively. The recommend amount was set to control the escalation. This year the amount was virtually flat.

Mr. Hales questioned if other actuaries provide a recommended tax levy. Mr. Tepfer responded negatively. Providing this information assisted in understanding the true nature of the program. It was a budgeting process. He cited his truisms 1.) build fund asset for the police officers; 2.) provide reasonable budget control for a municipality; and

3.) not pass the costs of pensions earned today to future generations. In a small plan the system was designed to pass costs off to the future taxpayers. He took the position of the recommended contribution. By design this was how the tax levy was calculated before the 1993 change. His belief was that this gave municipalities alternatives to control the contribution level.

Mayor Stockton expressed his appreciation to Mr. Tepfer. He stated his hope for the State. Mr. Tepfer stated that the City was doing a fine job.

Mayor Stockton cited the next Work Session topic: presentation of the proposed Drought Ordinance.

David Hales, City Manager introduced Craig Cummings, Director of Water. The Council was provided with background information needed to update the current drought ordinance.

Mr. Cummings addressed the Council. He wanted to invoke thought from the Council. The proposal would be posted on the City's web site to obtain public input. Science had come further and lessons gained from others assisted in refining the current ordinance. It was his belief that a decision be made now before a drought occurred. Droughts were statistical. There was a 1-50 year and 1-100 year drought. He believed it would happen with certain severity. Additional supply was being looked at in the southwest section of the City and at Lake Bloomington. There were plans to expand the water treatment plant. Defining a drought would assist in managing the demand. The goal was to address this now when reservoirs were full.

Mr. Cummings cited the three (3) phases indentified in the proposed drought ordinance moderate, severe and extreme. Moderate: combined water level is eight (8') feet down in the two (2) reservoirs. This signals the use of the Mackinaw River pumping station. Severe: water level was ten feet (10') down and extreme: water level was twelve feet (12') down. Eight feet (8') down at Lake Bloomington alone was different then at Lake Evergreen. The volumes at the two (2) reservoirs were extremely different. As the ordinance was refined the use of stage standard would change to volume metric. Measuring in gallons was reasonable for both of the reservoirs.

Mr. Cummings stated that the ordinance would also address water emergencies. A water emergency was contamination of the water supply or the catastrophic failure of one (1) of the dams. There were varying degrees of the amount of water below the spillways and certain levels of water emergencies. The ordinance would not address the businesses impacted. Instead they would look for the voluntary reduction of five percent (5%) in the first (1^{st}) stage. The second (2^{nd}) would be ten percent (10%) and the third (3^{rd}) would be fifteen percent (15%). If goals were met in other ways then the impact to certain businesses could be minimal. The ordinance was comprehensive. The City was also included. In the severe or extreme phase, spray parks would be closed. Pools would continue operation as the water was recycled through filters. The number one (1) customer was the Village of Hudson. They also would be asked to follow the same rules.

The Village of Towanda and rural Bloomington Township would also be brought into the fold. It was critical to define drought. Defining the volume metric levels in the reservoirs assisted in knowledge of a drought.

Alderman Anderson questioned penalties. Mr. Cummings stated that penalties could be added to future contracts. Currently there were no penalties. Enforcement was limited to the City. One of the components in a severe drought would be a rate increase of fifty percent (50%). He requested Council direction on enforcement.

Alderman Huette questioned contract terms. Mr. Cummings explained that most were for twenty-five (25) years. The Village of Hudson's contract had expired.

Alderman Sage questioned best practices. Mr. Cummings stated that fifteen to twenty (15 – 20) ordinances were reviewed from various parts of the country. The common theme was to address water supply problems. This ranged from weather induced drought to a water emergency.

Alderman Purcell questioned the composite of ordinances. Mr. Cummings stated that there were things unique to Illinois. Currently work was underway regarding the Mahomet Aquifer Consortium. When there were forty (40) inches of rain, droughts were not on everyone's mind. A report from the state put the City, Decatur, and Springfield in vulnerable positions. If the City was in a two to three year (2 -3) drought and streams have dried up, there would be issues. He believed that the City was ahead of the curve. The ordinance was a living document. Once the ground water supply was developed there would be a trigger when to use these facilities. Staff was currently working with the Corp of Engineers. The proposal presented would discuss stream flow base lines. The average daily pumping in Lake Evergreen was ten (10) million gallons per day.

Mayor Stockton stated that water usage had lagged behind the growth rate. There was still a comfortable margin. He cited changing the pumping pool rules, looking at the water supply in the southwest part of the City, and working with the Mahomet Aquifer Consortium as preventative measures. He stated that Champaign draws most of their water from this aquifer. Champaign was on the endangered list. Mr. Cummings reminded Council that Champaign only had a ground water supply from the aquifer.

Mayor Stockton questioned conservation. Mr. Cummings stated that the Council needed to consider conservation rates. Past discussions looked at supply while demand was ignored. Balance was needed. He cited rebates for water saving toilets as an example. The key was to think outside of the box. The City's population had increased but the per capita usage had decreased. He cited usage of water saving devices and the price of water as reasons for the same.

Mayor Stockton stated that now was the time to look at a drought situation, when there was not an emergency. It was good to be prepared.

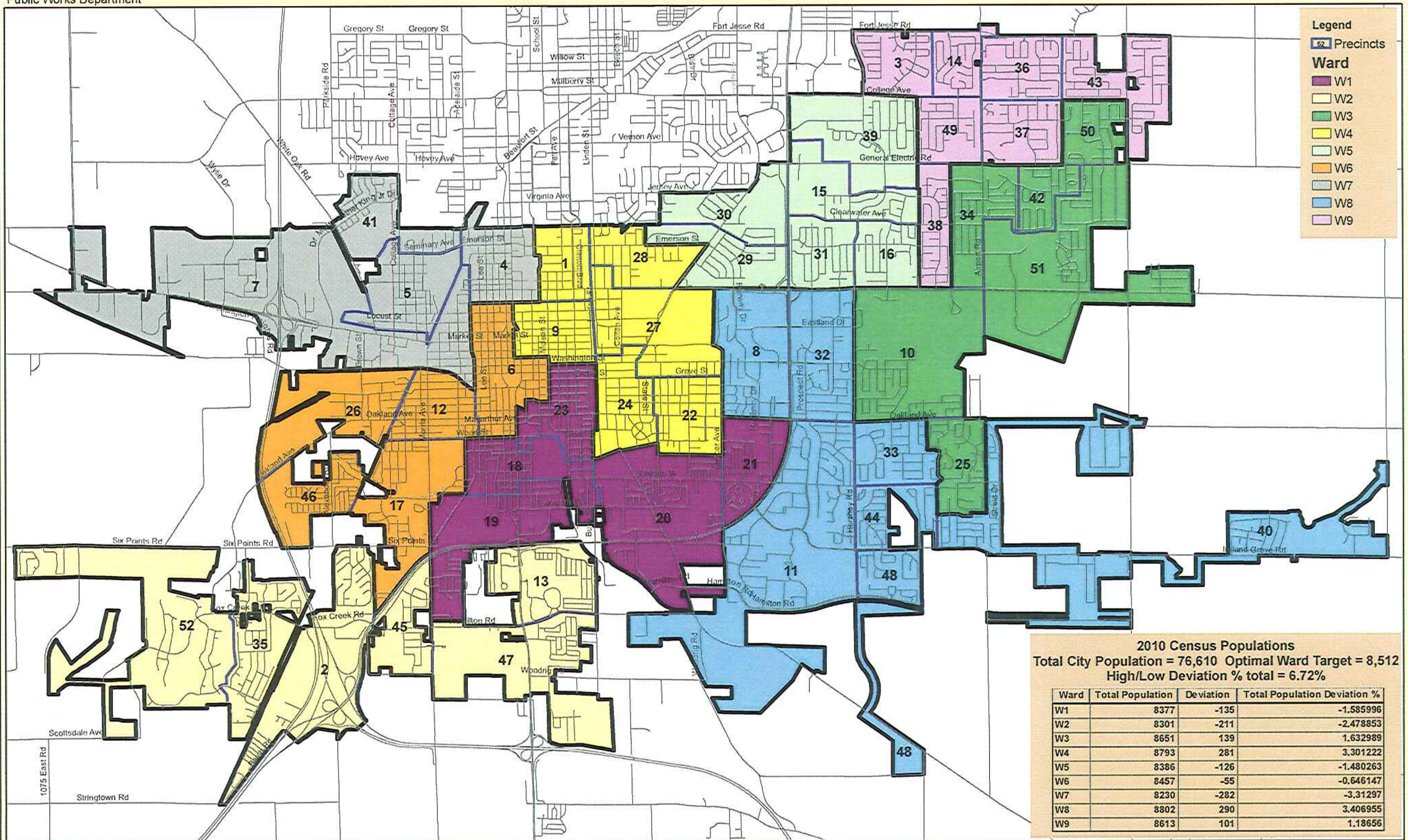
There being no further business the meeting adjourned at 6:35 p.m.

CITY OF BLOOMINGTON

DATE 11/28/2011

Public Works Department

Ward Map Alternative 1



2010 Census Populations

Total City Population = 76,610 Optimal Ward Target = 8,512

High/Low Deviation % total = 6.72%

Ward	Total Population	Deviation	Total Population Deviation %
W1	8377	-135	-1.585996
W2	8301	-211	-2.478853
W3	8651	139	1.632989
W4	8793	281	3.301222
W5	8386	-126	-1.480263
W6	8457	-55	-0.646147
W7	8230	-282	-3.31297
W8	8802	290	3.406955
W9	8613	101	1.18656