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

The Council convened in Special Session in the Council Chambers, City Hall Building, at 5:37 p.m., Monday, April 21, 2014.

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

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

Aldermen: Judy Stearns, Mboka Mwilambwe, Kevin Lower, Robert Fazzini, Joni Painter, Scott Black, Karen Schmidt, Jim Fruin and Mayor Tari Renner.

Alderman absent: David Sage.

Fire Chief/Interim City Manager Mike Kimmerling, City Clerk Tracey Covert, and Asst. Corporate Counsel George Boyle were also present.

Staff absent: David Hales, City Manager.

NOTICE OF SPECIAL MEETING
CITY OF BLOOMINGTON
CITY COUNCIL
APRIL 21, 2014

YOU AND EACH OF YOU ARE HEREBY NOTIFIED that there will be a Special Meeting of the City Council of the City of Bloomington, Illinois, in the Council Chambers at City Hall, 109 E. Olive Street, Bloomington, IL on MONDAY, APRIL 21, 2014 AT 5:30 P.M.

SPECIAL MEETING AGENDA

1. Call to Order

2. Roll Call

3. Public Comment *(15 minutes)*

4. Remote Participation
    a. Verify that a quorum is present.

b. Request to participate via telephone by Alderman Sage due to personal illness. (Recommend that Alderman Sage be allowed to participate remotely via telephone.)

5. FY 2015 Budget

    a) FY 2015 Budget Update *(5 minutes)*

    b) Conceptual Approval of Proposed Cuts and Restorations *(10 minutes)*

6. Text Amendment Ordinance to Chapter 39. Taxation, Section 130. Home Rule Sales Tax, Removal of Sunset Clause. (Recommend that the Text Amendment be approved and the Ordinance be passed.) *(10 minutes)*

7. Text Amendment Ordinance to Chapter 39. Taxation for Implementation of a Four Percent (4%) Amusement Tax. (Recommend that the Text Amendment be approved, the Ordinance be passed, and the City Manager be authorized to enter into any agreements to collect the corresponding taxes.) *(10 minutes)*

8. Text Amendment Ordinance to Chapter 39. Taxation, for Implementation of a $.04 per Gallon Local Government Motor Fuel Tax. (Recommend that the Text Amendment be approved and the Ordinance be passed.) *(20 minutes)*

9. Three (3) Text Amendment Ordinances to Chapter 7. Taxation regarding Utility Taxes

    a) Proposed Gas/Water/Telecommunication Tax increase. (Recommend that the Text Amendment be approved and the Ordinance passed.) *(10 minutes)*

    b) Proposed Electric Utility Tax increase. (Recommend that the Text Amendment be approved and the Ordinance passed.) *(15 minutes)*

    c) Proposed Municipal Gas Use Tax. (Recommend that the Text Amendment be approved and the Ordinance passed.) *(20 minutes)*

10. Adoption of the FY 2015 Budget and Appropriation Ordinance. (Recommend that the Ordinance be passed.) *(15 minutes)*

**Note that the ordinances, as well as the tax rates identified in any ordinance title, are subject to amendment and modification by Council action at the meeting.*

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

Bruce Meeks, 1402 Wright St., addressed the Council. He found the meeting challenging. It was not conducive to public engagement. He did not support the Council voting on items during a special session. He encouraged the Council to adopt a temporary

budget extension. He addressed the proposed Utility Tax increases. The time line was unclear. He did not believe that the City would receive any revenue from Utility Taxes until January 2015. The Council had not directed the City Manager. Budget reductions should not be inflammatory. If the Council passed a local gasoline tax, then citizens would be encouraged to purchase fuel out of town. He believed that these taxes in addition to the proposed Amusement Tax would be detrimental. He believed that property taxes should be earmarked for first responder, (police and fire), pensions. He questioned if the Council understood what was going on. The proposed budget ordinance had not been provided in enough time for the Council to study same. He had an idea that would reduce the budget by $8 million. He had not had the opportunity to share his idea.

John Protzman, 2913 South Fork Rd., addressed the Council. He expressed his support for the Utility Tax. Residents were accustomed to a certain standard of living and expected a safe, well maintained City. City employees expected to earn a living wage and collect their earned pensions. There was a cost for same. Funding has been delayed for too long. He urged the Council to have the courage to do the right thing; pass the Utility Tax. He noted that this would be difficult. However, problems would become larger if not addressed promptly.

Joseph Johnson, 1106 W. Oakland Ave., addressed the Council. The City was large and provided a number of services. He believed that it was more expensive to live here than in neighboring cities. The Council needed to question what services were nearby cities not providing. The City needed to reduce costs and not become engaged in projects that were not affordable instead of raising taxes. He was opposed to any tax increases. He recommended that the City absorb the loss from the US Cellular Coliseum. The building was not affordable and did not generate revenue.

Alton Franklin, 508 Patterson Dr., addressed the Council. The faces have changed but the song remained the same. He had been attending meetings for years. The Council talked about talking and planned about planning. The proposed revenue enhancements, (i.e. taxes), were presented as action that must be taken. Adoption of same would hurt those who care. He had seen a glimmer of hope from Council on occasion. Decisions were forced at the last minute. The Council needed to understand that there were costs. No consideration had been given to cost reductions. The Council needed to set priorities prior to determining how funds would be spent.

Motion by Alderman Lower, seconded by Alderman Schmidt to suspend the rules to allow additional Public Comment.

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

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

Nays: Alderman Fazzini.

Motion carried.

Dale Nafzinger, 1600 S. Main St., addressed the Council. He arrived late to the meeting due to work. His business had experienced several bad years and tough choices had to be made. Customers have expectations. Citizens also have expectations that included a balanced budget. Taxes and fees were out of control. He was a liquor license holder, (New Lafayette Club located at 1602 S. Main St.). He had no liquor violations but was penalized by being required to attend BASSET classes. He was opposed to spending $2 million for flamingos at the Miller Park Zoo. The Council needed to balance the budget. He was building a new home which was not located in the City. Citizens were tired of taxes. The Council needed to meet citizens' expectations and balance the budget.

Remote participation. Request to participate via telephone by Alderman Sage due to personal illness.

Motion by Alderman Black, seconded by Alderman Painter that Alderman Sage be allowed to participate remotely via telephone.

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

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

Nays: None.

Motion carried, (viva voce).

The following was presented:

FY 2015 Budget Update.

Mike Kimmerling, Fire Chief/Interim City Manager, introduced this item. He noted that David Hales, City Manager, was absent due to a family emergency.

The Council had a fiduciary responsibility to adopt a budget by the end of the Fiscal Year, (i.e. April 30, 2014). He recommended that the Council adopt same. This action should be viewed as a beginning and not an end. The budget could be amended at anytime during the fiscal year. The issue was spending authority which could affect daily operations of the City.

Mayor Renner noted that budget discussions had been ongoing for nine (9) months. Public discussions began in August 2013 at Mayoral Open Houses. The Council adopted an aggressive Police and Fire Pension Funding Policy in November 2013. These pensions must be paid, it was a fiscal obligation. The Council would find the next five (5) years challenging. The Pension Funding Policy would result in long term savings of $70 million. Police and fire uniformed personnel were first responders to emergency situations.

He recalled the City's fiscal crisis from five (5) years ago. The City had eliminated over seventy (70) full time equivalent positions. This fact made it difficult to find additional budget reductions. There have not been any inflationary increases in the General Fund during the past five (5) years.

He restated that there had been nine (9) months of Mayoral Open Houses, or approximately eighteen (18) meetings, which often focused on the budget. Three (3) Town Hall style meetings had been held to discuss the budget. The Council held a public hearing. He had made presentations to the Rotary, Kiwanis and other organizational meetings. The budget process has been open to public participation. It was time to act. Action had been delayed for too long. He hoped that the Council would take action this evening. The proposed budget represented a balanced approach. There needed to be dollar for dollar revenue increases and/or cost reductions. Budget reductions were okay but the Council needed to maintain a vibrant City. The proposed budget worked and would not require withdrawal from the fund balance. He cautioned that a budget amendment would be brought before the Council to address the cost of ice/snow removal from last winter. He restated that the budget as presented was a balanced approach. The Council had listened and it was time to act.

The following was presented:

Conceptual Approval of Proposed Cuts and Restorations.

Mayor Renner introduced this item. He referenced a spreadsheet which indicated Council's input on proposed reductions, restorations and tolerances for fee increases. He requested conceptual approval of the proposed budget reductions and/or restorations.

Alderman Stearns did not understand what conceptual approval implied. Mayor Renner noted that the budget ordinance would be addressed later on the agenda. This item would determine if the proposed reductions and restorations were agreeable to the Council in concept. The various parts would be voted on prior to the budget ordinance. Any amendments were required now.

MAIN MOTION: Motion by Alderman Fazzini, seconded by Alderman Black for conceptual approval of the proposed FY 2015 budget restorations and reductions as presented, *(see Special Meeting Packet for April 21, 2014 Item 4.)*.

Alderman Fazzini suggested for the fourth time that two (2) proposed signalized intersections be removed from the budget at a cost of $700,000. The budget contained three (3) signalized intersections. He recommended that one (1) intersection be signalized each fiscal year.

Alderman Black questioned restoration item #35, Recreation – Programs, regarding recreation. He had received feedback. He requested that John Kennedy, Parks, Recreation & Cultural Arts Director, address this item.

John Kennedy, Director Parks, Recreation & Cultural Arts, addressed the Council. This item addressed adult athletic programs, (i.e. softball and volleyball), at a cost of $4,000.

Alderman Lower requested that the Council review his and Alderman Stearns' counter proposal list. He recommended that the Council approve the entire list.

FIRST AMENDMENT: Motion by Alderman Lower, seconded by Alderman Stearns to amend the main motion by including the budget reductions listed on pages 12 and 13 from the document entitled "FY15 CM Proposed Budget – As Revised 4–14–14, Suggestions from Council on Expenditure Reduction & Revenue Enhancements".

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

Ayes: Aldermen Stearns and Lower.

Nays: Aldermen Mwilambwe, Schmidt, Painter, Fazzini, Sage, Fruin and Black.

Motion failed.

Alderman Fruin stated that Alderman Black had questioned a specific item. Aldermen Lower and Stearns had listed a variety of items. He recommended that line items be discussed. Four to six (4 - 6) weeks ago, Council discussed the addition of positions. The public opposed same. He recommended that no additional personnel costs be added to the budget. He believed that the Council needed further discussions. The budget could be amended in the future.

Mayor Renner clarified that Alderman Fruin suggested removing the proposed Asst. Police Chief and three (3) firefighter positions from the budget.

Alderman Fruin affirmed that the Asst. Police Chief and three (3) firefighter positions be removed from the list of restorations.

Alderman Schmidt expressed support for Alderman Fazzini's suggestion regarding signalized intersections.

Jim Karch, Public Works Director, addressed the Council. He stated that Motor Fuel Tax (MFT) funds were budgeted for these projects. These dollars have no impact on the General Fund. These dollars were only eligible for MFT projects.

Alderman Fazzini expressed his opinion that $4 million had been taken out of the $10 million street resurfacing bond issue. The proposed action would return $700,000 to the street resurfacing budget.

Alderman Mwilambwe believed that the traffic signalization was related to safety and economic development. He questioned how to decide which intersection to signalized first. He requested clarification from Mr. Karch.

Alderman Painter expressed support for Alderman Mwilambwe's comments. There were concerns at Arrowhead Dr. She believed that this intersection should be signalized.

Alderman Mwilambwe noted that the traffic signal at Auto Row has been delayed in the past.

Mr. Karch noted that each intersection had merits. He cited the proximity of two (2) intersections, (i.e. Clearwater and Arrowhead). These two (2) intersections should be signalized at the same time.

SECOND AMENDMENT: Motion by Alderman Fazzini, seconded by Alderman Schmidt to amend the main motion by reducing the number of signalized intersection projects from three (3) to (1), thereby restoring $700,000 for street projects to the proposed FY 2015 budget.

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

Ayes: Aldermen Schmidt, Painter, Lower, Fazzini and Fruin.

Nays: Aldermen Stearns, Mwilambwe, Sage and Black.

Motion carried.

Patti-Lynn Silva, Finance Director, addressed the Council. She stated that the traffic signals in question were in the current FY 2014 Budget. There were no dollars included in the FY 2015 Budget for these three (3) projects.

Alderman Fazzini restated that these funds (traffic signals) could be used for other projects.

Mayor Renner stated FY 2014 budget amendments were not listed on the meeting agenda. Therefore this idea could not be addressed.

RESCIND AMENDMENT: Motion by Alderman Fazzini, seconded by Alderman Schmidt to rescind the second amendment to the main motion.

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

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

Nays: None.

Motion carried.

Alderman Stearns voiced concerns about the process and the limited time allotted to speak.

Mayor Renner requested a motion to suspend the rules to extend the time allotted to this item.

Alderman Stearns expressed her opinion how important it was to spend time on the budget and much time had been spent on these proposals. She was disturbed about the limited discussion time. She noted that the budget reductions/restorations were developed by Mayor Renner and City Manager Hales. She noted that the Communications Manager position was still in the FY 2015 Budget. Mayor Renner noted that this position was included the FY 2014 Budget. Alderman Stearns restated that it was still included. She did not support another Asst. Police Chief. She also did not support reductions to public safety. She believed that there had been a reduction of a detective in the Cyber Crimes Unit. She would not support an addition of an administrative position. She had written a position statement. She referred to Carl Woodward's statement that the City was going over a fiscal cliff. In five (5) years, the deficit would be $19 million. The City needed to reduce expenses.

Mayor Renner requested that Alderman Stearns conclude her comments as the time limit had been exceeded. He needed to move on to Alderman Lower for his comments. The next step would be a motion to suspend the rules to allow continued discussion.

Motion by Alderman Lower, seconded by Alderman Stearns to suspend the rules to allow continued discussion.

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

Ayes: Aldermen Mwilambwe, Schmidt, Black, Fruin and Lower.

Nays: Aldermen Painter, Schmidt, Fazzini and Sage.

Motion failed.

Motion by Alderman Fazzini, seconded by Alderman Black for conceptual approval of the proposed FY 2015 budget restorations and reductions as presented, *(see Special Meeting Packet for April 21, 2014 Item 4.)*.

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

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

Nays: Aldermen Stearns and Lower.

Motion carried.

The following was presented:

SUBJECT: Text Amendment to Chapter 39. Taxation, Section 130. Home Rule Sales Tax, Removal of Sunset Clause

RECOMMENDATION/MOTION: That the Text Amendment be approved and the Ordinance be passed.

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

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

BACKGROUND: The Home Rule Sales tax was increased in FY 2009 by 0.25 percent to primarily fund the debt service related to the US Cellular Coliseum (USCC) and Bloomington Center for Performing Arts (BCPA) with any residual revenues to restore the General Fund. The ordinance was adopted with a sunset clause set to expire in July 2015 affecting the FY 2016 General Fund budget. The expiration of this clause could add up to $3,371,000 in debt service expense to the General Fund for up to twenty-one (21) years.

The BCPA bonds will be paid off in full by 2026, debt service is estimated between $853,000 and $1,064,000 per year with an outstanding principal balance of $9,626,000. The USCC bonds will be paid off in full by 2035 with an annual debt service payments ranging from of $1,650,000 to $2,660,000 per year with and outstanding principal balance of $23,935,000.

The Illinois Department of Revenue allows revenue changes twice per year. To ensure that deadlines are met and Council be fully versed on this clause, it is recommended the revision occur during the FY 2015 budget process.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Public budget discussions on the City Manager's proposed budget were undertaken on February 24, March 22, April 7, and April 14, 2014.

FINANCIAL IMPACT: The sunset of the Home Rule Sales Tax would reduce the General Fund revenues in FY 2016 by approximately $2,500,000.

Respectfully submitted for Council consideration.

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

Legal review by: Jeffrey R. Jurgens, Interim Corporation Council

Recommended by:

David A. Hales
City Manager

ORDINANCE NO. 2014 - 32

AN ORDINANCE AMENDING CHAPTER 39 OF THE BLOOMINGTON CITY CODE ELIMINATING THE QUARTER PERCENT RATE SUNSET PROVISION IN THE HOME RULE MUNICIPAL RETAILERS' AND SERVICE OCCUPATION TAX

BE IT ORDAINED BY THE CITY COUNCIL
OF THE CITY OF BLOOMINGTON, ILLINOIS:

SECTION 1. That Section 130 of Chapter 39 of Bloomington City Code, 1960, as amended, be further amended as follows (additions are indicated by underlines; deletions indicated by strikeouts):

Section 130: Imposition of Tax.

A tax is hereby imposed upon all persons engaged in the business of selling tangible personal property, other than an item of tangible personal property titled or registered with an agency of this state's government, at retail in this municipality at the rate of one and one-half percent (1½ %) of the gross receipts from such sales made in the course of such business when this Ordinance is in effect; and a tax is hereby imposed upon all persons engaged in this municipality in the business of making sales of service at the rate of one and one-half percent (1½ %) of the selling price of all tangible personal property transferred by such serviceman as an incident to a sale of service. ~~The one-quarter percent increment increase imposed by Ordinance No. 2008-13 shall expire on July 1, 2015.~~

The imposition of these "home rule sales taxes" are in accordance with the provisions of Sections 8-11-1 and 8-11-5 respectively of the Illinois Municipal Code (65 ILCS 5/8-11-1 and 8-11-5 (2006).

SECTION 4. Except as provided herein, the Bloomington City Code, 1960, as amended shall remain in full force and effect.

SECTION 5. The City Clerk is hereby authorized to publish this ordinance in pamphlet form as provided by law.

SECTION 6. This ordinance shall be effective ten (10) days after the date of its publication.

SECTION 7. This ordinance is passed and approved pursuant to the home rule authority granted Article VII, Section 6 of the 1970 Illinois Constitution.

PASSED this 21st day of April, 2014.

APPROVED this 22nd day of April, 2014.

APPROVED:

Tari Renner
Mayor

ATTEST:

Tracey Covert
City Clerk

Mayor Renner introduced this item.

Alderman Fruin commented that half of the Council that originally voted on this item were not serving currently. He added that sunset clauses do not actually sunset. The Council should learn from experience.

Alderman Stearns expressed her opinion that sunset clauses never came off. There was no point to adopting same. Tax increases were being used to fund frills, not basic services. She planned to support this item. She did not view it as an increase, it was simply maintenance.

Alderman Lower had seen sunsets removed. He cited the financial failure of Detroit, MI.

Alderman Fazzini had represented the Bloomington Center for the Performing Arts (BCPA) when it was originally implemented. The funds were intended for BCPA only, and not the US Cellular Coliseum (USCC) or General Fund. Limited funds had been directed towards the BCPA. Dollars had been directed to the General Fund.

Alderman Schmidt questioned Alderman Fazzini's facts.

John Kennedy, Parks, Recreation & Cultural Arts Director, addressed the Council. He stated that the item Alderman Fazzini referenced was voted on in 2001. The item currently before Council was voted on in 2009. It was intended to pay the debt on the USCC.

Motion by Alderman Black, seconded by Alderman Schmidt that the Text Amendment be approved and the Ordinance be passed.

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

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

Nays: Alderman Lower.

Motion carried.

The following was presented:

SUBJECT: Text Amendment to Chapter 39. Taxation for Implementation of a Four Percent (4%) Amusement Tax

RECOMMENDATION/MOTION: That the Text Amendment be approved, the Ordinance be passed, and the City Manager be authorized to enter into any agreements to collect the corresponding taxes.

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

STRATEGIC PLAN SIGNIFICANCE: Objective 1a. Budget with adequate resources to support defined services and level of services. Adopting a recurring revenue stream to fund operations facilitates the City's financial sustainability.

BACKGROUND: The FY 2015 City Manager proposed budget recommends the creation of a new Amusement Tax of four percent (4%) on amusements. The proposed text amendment defines amusements as exhibitive, meaning the taxpayer is spectating versus participating. Examples of such amusements would be cable subscriptions, movie tickets, movie and video game rentals, Bloomington Center for Performing Arts and U.S. Cellular Coliseum events. Events hosted by charities, religious organizations, school districts, public and private colleges, or other municipalities are exempt. This new tax would take effect on August 1, 2014.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Public budget discussions on the City Manager's proposed budget were undertaken on February 24, March 22, April 7, and April 14, 2014.

FINANCIAL IMPACT: The Amusement tax is estimated to generate approximately $1,000,000. This tax would be used for the general operations of the City.

Respectfully submitted for Council consideration.

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

Legal review by: Jeffrey R. Jurgens, Interim Corporation Counsel

Recommended by:

David A. Hales
City Manager

ORDINANCE NO. 2014 - 33

BE IT ORDAINED by the Mayor and City Council of the City of Bloomington, McLean County, Illinois, THAT:

AN ORDINANCE AMENDING THE CODE OF THE CITY OF BLOOMINGTON, ILLINOIS, 1960, AS AMENDED, TO ESTABLISH AMUSEMENT TAXES AND REORGANIZE CERTAIN ARTICLES

shall be, and is hereby adopted as follows:

Section 1. BACKGROUND.

The City is an Illinois home-rule municipal corporation organized and operating under the Illinois Municipal Code ("***Code***"). The City, pursuant to its home rule powers, desires to establish a system of taxation for all amusements occurring in the City.

Section 2. AMENDMENTS.

A. Amendment to Chapter 39, Article XV Establishing an Amusement Tax.

A new Article XVIII of Chapter 39 of The Code of the City of Bloomington, Illinois, 1960, as amended, is hereby established and will be and read as follows:

Article XVIII: Amusement Tax

Section 401: Definitions.

For the purposes of this Section Article XVIII, the following definitions apply unless the context clearly indicates or requires a different meaning:

a. "Amusement" means and includes the provision of exhibitive entertainment, including, but not by way of limitation, the following activities and sports: any theatrical, dramatic, musical or artistic performance; motion picture show or movie; video or videotape; digital versatile disk (DVD); subscription video programming services; carnival; and athletic contest, sport or game, including, but not limited to, archery, shooting galleries and shooting ranges, boxing, wrestling, skating, dancing, swimming, racing or riding animals or vehicles, baseball, basketball, softball, football, tennis, racquetball, handball, golf, hockey, track and field games, soccer, rugby, bowling, billiards and pool games.

b. "Gross Receipts" means all fees or charges received or collected in the form of admission fees or other charges for admission to or for the use or rental of any amusement for the purpose of witnessing, participating in, or utilizing any amusement regardless of whether such fees or charges are characterized as admission fees, membership fees, use charges, rent, rental or service charges, exclusive of any other fee or tax imposed by the United States government, the State of Illinois, the City or any other governmental unit. A fee or charge which entitles the patrons in regard to any amusement operated within the corporate limits of the City to bona fide services in addition to, or unrelated to, the witnessing or watching the amusement, will not be subject to the tax provided for in this Section, provided, however:

1. Where a fee or charge is comprised of identifiable components, packages or tiers, the tax provided for in this Article XV will be imposed on any such components, packages or tiers that (a) provide solely for admission to any facility for the purposes of witnessing any amusement, or (b) are a condition precedent to being granted permission to witnessing or watching any amusement; and

2. Where a single fee or charge for admission to any facility for the purpose of witnessing any amusement also entitles the patron of the amusement to the incidental use of appurtenant services or facilities, the tax provided for in this Article XV will be imposed on such fee or charge, provided the predominant activity of the facility is an amusement, unless an allocation order has been issued as provided for in Section 306 of this Article XV.

c. “Person” means any natural individual, firm, organization, society, foundation, institution, partnership, association, joint stock company, joint venture, limited liability company, public or private corporation, receiver, executor, trustee or other representative appointed by order of any court, or any other entity recognized by law.

d. “Owner” means any Person having an ownership interest in or conducting the operation of a place or business which provides amusements.

e. “Subscription video programming service” means a cable service or video service, as such terms are defined in the Cable and Video Competition Law of 2007, as amended, 220 ILCS 5/21-201.

Section 402: Tax Imposed.

a. From and after August 1, 2014 a tax is hereby imposed upon all persons operating amusements within the corporate limits of the City, and upon all persons operating places which provide amusements within the corporate limits of the City in an amount equal to ***four percent (4.0%)*** of the gross receipts for each amusement. This tax will be in addition to all other fees and taxes imposed by law.

b. Any person subject to the amusement tax may separately itemize and charge to patrons in addition to any admission fee or other charge, the amount of amusement tax attributable to the admission fee or other charge. In the event the tax imposed by this Section is not shown or collected as a separate charge, all admission fees or other charges shall be deemed exclusive of the amusement tax specified hereinabove.

Section 403: Books and Records; Inspection; Contents.

a. The Owner shall be subject to the audit, inspection and recordkeeping provisions of Article XV, commonly referred to as the Tax Rights and Responsibility Ordinance. To the extent reasonably possible, entry will be conducted in a manner that is least disruptive to the business of the place providing amusements.

b. It will be unlawful for any person to prevent, hinder, or interfere with the City Finance Director, the City Treasurer or their duly designated deputies or representatives in the discharge of their respective duties in the performance of this subsection. It is the duty of every Owner which provides amusements to keep accurate and complete books and records to which the City Treasurer, the City Finance Director or their respective deputies or representatives will at all times have full access.

Section 404: Transmittal of Tax Revenue by Owner.

a. Each owner which provides amusements must file tax returns showing the gross receipts received during each calendar month period upon forms provided by the City Finance Director. Returns for each calendar month will be due on or before the 25th day of the next calendar month, (e.g. the return for January shall be due on or before the 25th day of February; the return for February shall be due on or before the 25th day of March; etc.). Notwithstanding the foregoing, in the event that the owner of the place which provides amusements is allowed to file Illinois Retailers' Occupation Tax and Illinois Service Occupation Tax returns with the Illinois Department of Revenue at intervals which are greater than monthly, that owner will be allowed to file tax returns relative to the tax imposed by this Article XV with the City at the same intervals. At the time of the filing of said tax returns, the owner will pay to the City Treasurer all taxes due for the period to which the tax return applies.

b. If, for any reason, any tax due pursuant to this Section 404 is not paid when due, penalties and interest will be imposed in accordance with the provisions of Article XV, Section 311 of this Chapter 39.

c. Any person filing a return may retain 1 percent of the tax they collect to reimburse them for expenses incurred in connection with collections and remitting the tax. This commission shall not be allowed for taxes not timely remitted to the Finance Department.

Section 405: Registration.

Every owner which provides amusements in the City will register with the Finance Department by July 31, 2014 or the date of becoming such an owner, whichever is later.

Section 406: Allocation Orders.

a. A person, obligated to pay the tax provided for in this Article XV may apply for an allocation order by submitting a written application to the Finance Department, on a form provided by the Finance Department, together with an application fee in an amount established from time to time by the Finance Director.

b. The Finance Director will select a reasonable time and place for a hearing upon each application, provide the applicant with written notice of the hearing date, by certified mail, not less than 15 days prior to such hearing, and preside over the hearing. Any person or owner may appear at the hearing or by attorney. The Finance Director will forward written recommendations to the City Manager within 30 days of the close of such hearing.

c. The Finance Director will not recommend, and the City Manager will not issue an allocation order unless the applicant establishes, by clear and convincing evidence at the hearing, that a specific portion or portions of the fee or charge is attributable to nonamusement items, services or facilities. An allocation order will set forth the specific portion or portions of the fee or charge attributable to nonamusement items, services or facilities and the specific portion or portions attributable to an amusement. From and after the issuance of an allocation order, the owner named in the allocation order will pay the tax imposed under this Article XV, with respect to the subject fee or charge, based only upon the portion or portions of the subject fee or charge attributable to the amusement.

Section 407: Exemptions.

a. The provisions of this Section do not apply to any amusement sponsored and conducted by, and the proceeds of which inure exclusively and solely to the benefit of, any bona fide religious, charitable, or not-for-profit person or organization; provided, however, that such person or organization has received an exemption from the State of Illinois and the United States Internal Revenue Service exempting that person or organization from the payment of state and federal income taxes.

b. The provisions of this Section do not apply to any non-City operated amusement whenever both of the following conditions exist:

   1. The amusement is operated or conducted by a park district, a school district, a public or private university, any other unit of local government, or interscholastic organization , whether individually or jointly; and

   2. The place where the amusement is conducted is owned by a park district, a school district, a public or private university, or any other unit of local government, whether individually or jointly.

Section 408: Collection.

Whenever any person shall fail to pay the tax imposed by this Article XV, the City Attorney will, upon request of the City Manager, bring or cause to be brought an action to enforce the payment of said tax on behalf of the City in any court of competent jurisdiction.

Section 409: Suspension of Licenses.

If the City Manager, after a hearing held by him or for him by his designee, shall find that any person has willfully avoided the payment of any tax imposed by this Article XV, he may suspend or revoke all City licenses held by such tax evader. The person shall have an opportunity to be heard at such hearing to be held not less than 15 days after being mailed notice, by certified mail, of the time when and the place where the hearing is to be held, addressed to said person at said person's last know place of business or home address. Any suspension or revocation of any license(s) shall not release or discharge the person from his civil liability for the payment of the tax nor from prosecution for such offense.

Section 410: Penalties.

a. Any person found guilty of violating, disobeying, omitting, neglecting, or refusing to comply with or unlawfully resisting or opposing the enforcement of any of the provisions of this Article XVIII, except when otherwise specifically provided, upon conviction will be punished by a fine of not less than $200.00 nor more than $750.00 for the first offense, and not less than $500.00 nor more than $750.00 for the second and each subsequent offense in any 180 day period.

b. Each day upon which a person continues any violation of this Article XVIII, or permit any such violation to exist after notification thereof, will constitute a separate and distinct offense.

c. Any person subjected to the penalties provided for by this Section 410 will not be discharged or released from the payment of any tax due.

d. Notwithstanding any of the foregoing provisions of this Section, the penalties for late payment or late filing described in Article XV shall be the exclusive remedies against an owner which files either the tax return or tax payment after the due date but before the City issues a notice of tax delinquency. After the City issues a notice of tax delinquency, the Owner may be liable for both the failure to file penalty described in Article XV and for the penalties for violating this Chapter as herein described.

Section 3. EFFECTIVE DATE.

This Ordinance shall be in full force and effect from and after its passage and publication in pamphlet form, in accordance with law.

PASSED this 21st day of April, 2014.

APPROVED this 22nd day of April, 2014.

APPROVED:

Tari Renner
Mayor

ATTEST:

Tracey Covert
City Clerk

Motion by Alderman Painter, seconded by Alderman Mwilambwe that the Text Amendment be approved, the Ordinance be passed, and the City Manager be authorized to enter into any agreements to collect the corresponding taxes.

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

Ayes: Aldermen Mwilambwe, Schmidt, Painter, Fazzini, Fruin and Black.

Nays: Alderman Stearns, Lower and Sage.

Motion carried.

The following was presented:

SUBJECT: Text Amendment to Chapter 39. Taxation, for Implementation of a $.04 per Gallon Local Government Motor Fuel Tax

RECOMMENDATION/MOTION: That the Text Amendment be approved, the Ordinance be passed, and the City Manager be authorized to enter into any agreements to collect the corresponding taxes.

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

STRATEGIC PLAN SIGNIFICANCE: Objective 1a. Budget with adequate resources to support defined services and level of services. Allow the City to use the additional revenue to fund street resurfacing and repairs for better quality travel throughout the City.

BACKGROUND: Illinois has many different taxes on the sale of motor fuel including various federal, state, and local motor fuel taxes, as well as various sales taxes. The state taxes include: a flat 19-cents per gallon motor fuel tax on gasoline/gasohol (21-cents for diesel); 1.1-cents per gallon in environmental fees (0.3-cents leaking underground storage tank fee, 0.8-cents environmental impact fee); and a state sales tax of 6.25% (5% going to the state and 1.25% going to local governments) of motor fuel sales. These are imposed on the price before the inclusion of the state motor fuel tax.

In Illinois, home rule units may impose a Local Motor Fuel Tax (LMFT) which is not restricted by the state. This includes gasoline, gasohol, diesel, and bulk sales. The tax is collected by municipalities from local fuel vendors monthly. Because the state is not restricting home rule local motor fuel taxes, a comprehensive list of municipalities leveraging a LMFT has been difficult to find. However, some localities ordinances are available online and several surveys have been found from other municipal studies.

In 2009, the Illinois General Assembly tasked the Legislative Research Unit (LRU) to find information on all states' gasoline and diesel fuel tax rates, including local taxes. The LRU report identified thirty-three (33) home rule cities which imposed a LMFT. An update to the survey was performed on the identified localities via web site information and telephone interviews.

The following table represents the current LMFT rates of the municipalities identified in the report.

Local Motor Fuel Taxes in 33 Illinois Localities			
Alsip	$0.03	Morton Grove	$0.02
Bolingbrook	$0.05	Mount Prospect	$0.04
Burbank	$0.05	Naperville	$0.04
Carbondale	$0.03	Oak Forest	$0.03
Carpentersville	$0.02	Oak Park	$0.06
Champaign	$0.04	Park Ridge	$0.04
Chicago	$0.05	Pekin	$0.04
Cicero	$0.02	Peoria	$0.02
Danville	$0.067	Rock Island	$0.02
Des Plaines	$0.04	Rolling Meadows	$0.03
Downers Grove	$0.025	Rosement	$0.02
Elmhurst	$0.015	Sycamore	$0.02
Evanston	$0.04	Urbana	$0.04
Evergreen Park	$0.03	Village of Niles	$0.025
Galesburg	$0.04	Warrenville	$0.04
Lincolnwood	$0.03	Woodridge	$0.025
Moline	$0.01	Listed alphabetically	

The actual impact of leveraging a LMFT can be difficult to quantify.

<u>COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED:</u> Not applicable.

FINANCIAL IMPACT: It is estimated that the LMFT would generate approximately $1 million during a full year of implementation. This ordinance requires funds from this tax be used for transportation infrastructure projects.
Respectfully submitted for Council consideration.

Financial & budgetary review by: Carla Murillo, Budget Manager
Patti-Lynn Silva, Director of Finance

Legal review by: Jeffrey R. Jurgens, Interim Corporate Council

Recommended by:

David A. Hales
City Manager

ORDINANCE NO. 2014 - 34

AN ORDINANCE ESTABLISHING A LOCAL MOTOR FUEL TAX IN THE CITY OF BLOOMINGTON

BE IT ORDAINED BY THE CITY COUNCIL
OF THE CITY OF BLOOMINGTON, ILLINOIS:

SECTION 1. That the sections identified below in Chapter 39 of Bloomington City Code, 1960, as amended, shall be further amended by adding the following Article XVIII:

Article XVIII Local Motor Fuel Tax

Section 370. Definitions.

For the purpose of this article, whenever any of the following words, terms or definitions are used herein, they have the meaning ascribed to them in this section:

(a) Bulk user means any person who purchases motor fuel for storage in bulk storage facilities located within the City, which facilities are owned, leased, or controlled by the person, for subsequent dispensing into the supply tanks of internal combustion engines operated by the person.

(b) Motor fuel means all volatile and inflammable liquid produced, blended, or compounded for the purposes of, or which are suitable or practicable for, operating motor vehicles.

(c) Retail gasoline dealer means any person who engages in the business of selling motor fuel in the City, to a purchaser for use or consumption, and not for resale in any form.

(d) Sale, resale or selling means any transfer of ownership or possession, or both, exchange, or barter, conditional or otherwise, in any manner or by any means whatsoever for valuable consideration.

Section 371. Imposition of tax.

(a) There is levied and imposed upon the purchase of each gallon of motor fuel, or fraction thereof, sold at retail within the corporate limits of the City, irrespective of the unit of measure in which it is actually sold, a tax at the rate of four cents ($0.04) per gallon from and after August 1, 2014.

(b) The tax herein levied shall be paid in addition to any and all other taxes and charges. The tax herein imposed is not based on the selling or purchase price or gross receipts from the sale or purchase of motor fuel.

(c) The ultimate incident of and liability for payment of the tax is to be borne by the retail purchaser of motor fuel. However, the local motor fuel tax shall be collected by each retail gasoline dealer as set forth in Section 372. Nothing in this subchapter shall be construed to impose a tax upon the occupation of persons engaged in the retail sale of motor fuel.

Section 372. Collection by retail gasoline dealers.

(a) Each retail gasoline dealer in the City shall have the duty to collect the local motor fuel tax from each purchaser of motor fuel at the time the consideration for such purchase is paid and to remit said collection to the City in the time required by Section 373(a). Any person filing a return may retain 1 percent of the tax they collect to reimburse them for expenses incurred in connection with collections and remitting the tax. This commission shall not be allowed for taxes not timely remitted to the Finance Department.

(b) Each retail gasoline dealer shall be the trustee for the City in the collection and remittance of such local motor fuel taxes.

(c) If any retail gasoline dealer fails to collect the local motor fuel tax, such retail gasoline dealer shall remain liable for the local motor fuel tax not collected and shall pay the amount of the local motor fuel tax due to the City in accordance with this article.

(d) Each retail gasoline dealer shall have the duty to maintain complete and accurate books, records and accounts showing the gross receipts for the sale of motor fuel and the taxes collected from the purchaser thereof, which shall be available in the City for examination and for audit by the City upon reasonable notice during customary business hours.

Section 373. Transmittal of tax revenue; credits and refunds.

(a) A sworn monthly return shall be filed with the Finance Director by all retail gasoline dealers in the City in a format prescribed by the Finance Director, containing such information as the Finance Director may reasonably require, including all receipts from taxable purchases of motor fuel and the tax collected therewith, which return shall be filed and the tax collected therewith due on the same due date as established for filing the Illinois Department of Revenue's ST-1 sales and use tax return or the twentieth (20^{th}) day of the month following the month in which the tax was collected, whichever is earlier.

(b) Every bulk user shall transmit to the Finance Department no later than the 20th day of each calendar month, a sum of money equal to the amount of motor fuel tax owing for the preceding month, accompanied by a sworn monthly return in a format prescribed by the Finance Director containing such information as the Finance Director may reasonably require.

Section 374. Revenue to be used for transportation infrastructure projects.

The revenue produced by the tax imposed in Section 371 shall be used for transportation infrastructure projects.

Section 375. Rules and regulations.

The Finance Director shall cause the provisions of this article to be enforced and administered and in order to do so is authorized to promulgate and publish such rules and regulations and make such rulings and decisions not in conflict with this article which he/she may deem necessary to administer and enforce the provisions of this article.

Section 376. Penalty.

Whenever any person shall fail to pay any tax as herein provided or required, or to file any tax return, the penalties, interest, and collection procedures set forth in Article XV shall apply in addition to any other rights and remedies provided to the City by law or ordinance.

SECTION 4. Except as provided herein, the Bloomington City Code, 1960, as amended shall remain in full force and effect.

SECTION 5. In the event that any section, clause, provision, or part of this Ordinance shall be found and determined to be invalid by a court of competent jurisdiction, all valid parts that are severable from the invalid parts shall remain in full force and effect.

SECTION 6. The City Clerk is hereby authorized to publish this ordinance in pamphlet form as provided by law.

SECTION 7. This ordinance shall be effective ten (10) days after the date of its publication.

SECTION 8. This ordinance is passed and approved pursuant to the home rule authority granted Article VII, Section 6 of the 1970 Illinois Constitution.

PASSED this 21st day of April, 2014.

APPROVED this 22nd day of April, 2014.

APPROVED:

Tari Renner
Mayor

ATTEST:

Tracey Covert
City Clerk

Mayor Renner introduced this item.

Alderman Lower stated his opposition to this item as it would be hard on the business community. He cited his small business ownership experience. He closed his business due to taxes which included Worker's Compensation and insurance costs. All goods/services produced in the City were subject to taxes that were passed on to the consumer. At some point, the consumer will no longer be able to bear the expense. He had observed local small businesses under stress. He cited Moody's report from October 2013 that referenced the risk of recession. Unemployment had increased. The City's ranking as a location where jobs were created and sustained dropped from 66th in 2012 to 98th.

Alderman Stearns agreed with Alderman Lower's comments. Increasing costs adversely affected business. Mr. Nafzinger had told of real world experience. She cited the impact of prices on border cities. People would purchase gasoline out of town. It would cost City revenues. She opposed this tax.

Mayor Renner noted that the revenue would be earmarked for streets.

Alderman Black addressed the increased cost of gasoline over the years and how it always seemed to be too high. He understood the risk that gasoline could be purchased out of town. He was not a fan of this tax. It was a failing system. The federal government planned to increase the motor fuel tax by twenty-two cents (.22) and tie it to inflation. The state was also considering an increase. He was leery of this tax. He questioned citizen input. The City needed to take action and provide a revenue stream for street resurfacing. It might be too much if the City, state and federal governments all raised this tax. The City may need to repeal this tax in the future. He restated his hesitance.

Alderman Painter had followed gasoline prices for six (6) weeks. The City's cost was the same as other cities with this tax. Prices dropped on Monday night and rose prior to a holiday. There was a lot of play in gasoline pricing. The City had received no benefit from the current cost of gasoline. She expressed her support for this tax.

Motion by Alderman Fazzini, seconded by Alderman Schmidt that the Text Amendment be approved and the Ordinance be passed.

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

Ayes: Aldermen Mwilambwe, Schmidt, Painter, Fazzini, Fruin and Black.

Nays: Aldermen Stearns, Lower and Sage.

Motion carried.

The following was presented:

SUBJECT: Text Amendment to Chapter 7. Taxation regarding Utility Taxes

RECOMMENDATION/MOTION: That the Text Amendments be approved, the Ordinances passed, and the City Manager authorized to enter into any agreements to collect the corresponding taxes.

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

STRATEGIC PLAN SIGNIFICANCE: Objective 1a. Budget with adequate resources to support defined services and level of services. Allow the City to use the additional revenue to fund employer contributions to the Police and Fire Pensions.

BACKGROUND: The Utility Tax ordinance revisions include four (4) components: Natural Gas/Water, Electricity, and Telecommunications. The FY 2015 City Manager's proposed budget recommends an increase in the City's Utility Tax to the full statutory limit but this has been modified to an increase of approximately half the full statutory limit for all utility taxes except Telecommunications. Telecommunications is proposed to increase to the full statutory limit. The City currently taxes utilities at half the allowable rate and half that of the Town of Normal.

The attached ordinances have been revised to reflect these tax increases and updated. The implementation of this tax will provide an increase in a recurring revenue stream in the first year of approximately $1.7 million and an additional $1 million in FY 2016 due to legal implementation dates. In each ordinance is language that requires these funds to be utilized for the employer contributions to fund the Police and Fire Pensions plans.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Public budget discussion on the City Manager's proposed budget was undertaken on February 24, March 22, April 7, and April 14, 2014.

FINANCIAL IMPACT: The City needed to create a recurring revenue stream to fund the Police and Fire Pension Funding Ordinance. These increased revenues would assist in meeting that commitment but would not achieve the five (5) year estimated cumulative total of $6.8 million.

Respectfully submitted for Council consideration.

Financial & budgetary review by: Carla Murillo, Budget Manager
Patti-Lynn Silva, Director of Finance

Legal review by: Jeffrey R. Jurgens, Interim Corporation Counsel

Recommended by:

David A. Hales
City Manager

ORDINANCE NO. 2014 - ___

Be it ordained by the Mayor and City Council of the City of Bloomington, McLean County, Illinois, THAT:

AN ORDINANCE AMENDING THE CITY OF BLOOMINGTON'S CODE OF ORDINANCES, AS AMENDED, TO ESTABLISH NEW MUNICIPAL ELECTRIC UTILITY TAX RATES

shall be, and is hereby adopted as follows:

<u>Section 1</u>. <u>BACKGROUND</u>.

The City is an Illinois home-rule municipal corporation organized and operating under the Illinois Municipal Code ("***Code***"). Section 8-11-2 of the Code authorizes a tax on the privilege of using or consuming electricity acquired in a purchase at retail and used or consumed within the City's corporate limits, 65 ILCS 5/8-11-2. The City previously amended Article 10 of Chapter 39 of the City's Code of Ordinances to impose an electricity tax. The City now wishes to modify the rate of taxation by amending the City's Code of Ordinances.

<u>Section 2</u>. <u>SECTION AMENDED</u>. The following changes are hereby made to Chapter 39, Article 10, Section 46 of the City's Code of Ordinances (additions <u>underlined</u> and deleted language noted with ~~strikethrough~~ text):

CHAPTER 39: TAXATION

<u>Article X: Electricity Tax</u>

<u>Section 46: Tax Imposed.</u>

(a) A tax is imposed on all persons engaged in the following occupations or privileges: The privilege of using or consuming electricity acquired in a purchase at retail and used or consumed within the corporate limits of the municipality at the following rates, calculated on a monthly basis for each purchaser:

(i) For the first 2,000 kilowatt-hours used or consumed in a month; ~~0.2777~~ <u>0.4439</u> cents per kilowatt-hour;

(ii) For the next 48,000 kilowatt-hours used or consumed in a month; ~~0.1821~~ 0.2911 cents per kilowatt-hour;

(iii) For the next 50,000 kilowatt-hours used or consumed in a month; ~~0.1639~~ 0.2620 cents per kilowatt-hour;

(iv) For the next 400,000 kilowatt-hours used or consumed in a month; ~~0.1593~~ 0.2547 cents per kilowatt-hour;

(v) For the next 500,000 kilowatt-hours used or consumed in a month; ~~0.1548~~ 0.2474 cents per kilowatt-hour;

(vi) For the next 2,000,000 kilowatt-hours used or consumed in a month; ~~0.1457~~ 0.2329 cents per kilowatt-hour;

(vii) For the next 2,000,000 kilowatt-hours used or consumed in a month; ~~0.1434~~ 0.2292 cents per kilowatt-hour;

(viii) For the next 5,000,000 kilowatt-hours used or consumed in a month; ~~0.1411~~ 0.2256 cents per kilowatt-hour;

(ix) For the next 10,000,000 kilowatt-hours used or consumed in a month; ~~0.1389~~ 0.2220 cents per kilowatt-hour; and

(x) For all electricity used or consumed in excess of 20,000,000 kilowatt-hours in a month; ~~0.1366~~ 0.2183 cents per kilowatt-hour. ~~(Ordinance No. 1998-59)~~

(b) The rates set forth in subsection (a) above shall be effective with respect to the use or consumption of electricity between (i) the later of this Ordinance's effective date and the first billing cycle for which the electric utility can collect such rates, and (ii) April 30, 2015. ~~Pursuant to 65 ILCS 5/8-11-2, the rates set forth in subsection (a) above shall be effective:~~

(c) The rates set forth in subsection (a) above were increased by ordinance on April 21, 2014, and these increased cents per kilowatt hour shall be designated for funding employer contributions to the Police and Fire Pensions.

~~(A) on August 1, 1998 for residential customers; and~~

~~(B) on the earlier of: (1) the last bill issued prior to December 31, 2000, or (2) the date of the first bill issued pursuant to 220 ILCS 5/16-104, for nonresidential customers. (Ordinance No. 1998-32)~~

~~(c) Pursuant to 65 ILCS 5/8-11-2, Chapter 39, Section 36(c) of the Bloomington City Code (commonly known as the Gross Receipts Utility Tax) shall specifically remain in effect:~~

~~(A) for receipts attributable to residential customers, until July 31, 1998; and~~

~~(B) for receipts attributable to nonresidential customers, the earlier of: (1) through the last bill issued prior to December 31, 2000, or (2) the date of the first bill issued to such nonresidential customer pursuant to 220 ILCS 5/16-104. (Ordinance No. 1998-32)~~

~~(d) The provisions of Section 46 shall not be effective until August 1, 1998. (Ordinance No. 1998-32)~~

Section 3. SUPERSEDER. All ordinances, resolutions, motions, or orders in conflict herewith are hereby repealed to the extent of such conflict, and this Ordinance shall be in full force and effective immediately upon its passage by the Corporate Authorities and approval as provided by law.

Section 5. EFFECTIVE DATE. This Ordinance shall be in full force and effect from and after (a) its passage and publication in pamphlet form, in accordance with law; and (b) the City Clerk providing a certified copy of this Ordinance to entities and people that deliver electricity to consumers located within the City; provided, however that the failure to receive a certified copy of this Ordinance by any entity or person delivering electricity to consumers located within the City, for any reason whatsoever, will not prevent this Ordinance from becoming effective no later than May 1, 2014.

PASSED this ____ day of April, 2014.

APPROVED this ___ day of April, 2014.

APPROVED:

Tari Renner, Mayor

ATTEST:

Tracey Covert, City Clerk

Mayor Renner introduced this item. This proposed Text Amendment regarding Utility Taxes had been presented in three (3) component ordinances. These taxes would be directed towards Police and Fire Pensions. The rate would go from 2.5% to 3.75%. The Town of Normal was currently at five percent (5%). Most surrounding cities were also at five percent (5%). This action has been proposed to avoid a property tax increase.

George Boyle, Asst. Corporation Counsel, addressed the Council. He clarified that this item was presented as three (3) separate Text Amendments.

Mayor Renner expressed his understanding that the three (3) Text Amendments could be passed with a single motion.

Mr. Boyle cited discussion held amongst the Corporation Counsel staff. It was his understanding that the proposed Text Amendments could be discussed together but should be voted on separately.

Alderman Fruin stated that based on prior discussion, the voting method would not make a difference.

Mayor Renner requested a motion from the Council. The Council did not make a motion regarding the proposed Gas/Water/Telecommunication Tax increase or a motion regarding the proposed Municipal Gas Use Tax.

Alderman Fruin wanted to be clear as there were many moving parts. He opposed an increase in the Utility Tax. This was not the right thing to do after approving the Text Amendments to remove sunset clause from the Home Rule Sales Tax, and the implementation of a four percent (4%) Amusement Tax and a .04 per gallon Local Motor Fuel Tax.

Mayor Renner restated that Utility Taxes would be earmarked for Police and Fire Pensions.

Alderman Schmidt stated that the Utility Tax was a regressive tax. She was opposed to this tax. She expressed her concern that the deadline had been missed. She suggested an increase to the property tax which would be tied to Police and Fire Pensions. The Council had missed this opportunity in the fall 2013. She believed that the property tax was a less regressive option.

Mayor Renner stated that there were no legal issues regarding the proposed increase to the Utility Tax.

Alderman Stearns agreed that the Utility Tax was regressive. Citizens were struggling and it would punish businesses. Moody's outlook for the City has been lowered. The City could fall back into a recession. This would be another penalty/burden for the working class. The Council should examine spending and reduce funding for travel, food, flamingos at the Zoo, and the Communications Manager position. An increase to the Utility Tax was not the solution. She had recommended $5 million in budget reductions.

Alderman Lower echoed with Alderman Stearns' comments. There was a revenue stream for Police and Fire Pensions, i.e. the property tax. The cost for these pensions had already been paid. The City was providing unnecessary program. He would not support this item.

Alderman Mwilambwe was hesitant to support this tax. He was concerned that it would burden those who least could afford it. He was committed to funding these pensions. He questioned the impact of not approving this item.

Mayor Renner informed the Council that the City would have to spend dollars from the reserve fund.

Alderman Fruin believed that the City had an obligation to and needed to fund these pensions. The Council needed an alternative funding mechanism.

Alderman Sage restated that these dollars would be directed towards Police and Fire Pensions.

Motion by Alderman Black, seconded by Alderman Fazzini that the Text Amendment be approved and the Ordinance passed.

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

Ayes: Aldermen Mwilambwe, Painter, Sage and Black.

Nays: Aldermen Stearns, Schmidt, Fazzini, Fruin and Lower.

Motion failed.

Mayor Renner noted that none of the proposed increases to the Utility Tax had passed. The gap in the proposed FY 2015 Budget was $1.7 million.

Motion by Alderman Black, seconded by Alderman Stearns to recess the meeting for fifteen (15) minutes.

Motion carried, (viva voce).

The following was presented:

SUBJECT: Adoption of the FY 2015 Proposed Budget and Appropriation Ordinance

RECOMMENDATION/MOTION: That the Ordinance be passed.

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

STRATEGIC PLAN SIGNIFICANCE: Objective 1a. Budget with adequate resources to support defined services and level of services. The budget is a financial plan which stipulates the approach the City will undertake to achieve the strategic plan in accordance with the aspirations of Council.

BACKGROUND: The City is required by state statute to adopt an annual budget and appropriation ordinance by May 1, 2014. The recommended budget was presented to Council in two (2) budget books at the Monday, February 24, 2014 Council meeting. The first book represents the City's General Fund, while the second book presents each Non-General Fund in addition to the proposed Capital Improvement Fund.

The City held a Council Work Session on Saturday, March 22, 2014 and on Monday, April 7, 2014 to provide the governing board the opportunity to discuss the budget. The Budget Public Hearing was held on April 14, 2014 during a Council meeting which is required by state statute and required to be conducted prior to the adoption of the FY 2015 Budget.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: The Public Hearing had been advertised in the Pantagraph. Public budget discussion on the City Manager proposed budget was undertaken on February 24, March 22, April 7, and April 14.

FINANCIAL IMPACT: The FY 2015 updated budget expenditures for the thirty (30) City funds are $179,426,393, while budgeted revenue is updated to reflect $169,826,827. The $9,599,566 difference will be offset by a planned use of fund balance and net assets in the appropriate funds within the City's fund structure.

Prepared by:	Chris Tomerlin, Budget Analyst
Reviewed by:	Carla A. Murillo, Budget Manager
Financial & budgetary review by:	Patti-Lynn Silva, Director of Finance
Legal review by:	Jeffrey R. Jurgens, Interim Corporation Counsel

Recommended by:

David A. Hales
City Manager

ORDINANCE NO. 2014 - 35

BUDGET AND APPROPRIATION ORDINANCE
FISCAL YEAR ENDING APRIL 30, 2015
CITY OF BLOOMINGTON

Make appropriations for all Corporate Purposes for the Fiscal Year beginning May l, 2014 and ending April 30, 2015, for the City of Bloomington, McLean County, Illinois.

Be It Ordained by the City Council of the City of Bloomington, Illinois: that passage of the Budget Document shall be in lieu of passage of a separate Appropriation Ordinance, as required by 65 ILCS 5/8-2-9 and 5/8-2-9.4.

Section One. That the amounts as listed in Exhibit A, or so much thereof as may be authorized by law, as may be needed and same is hereby appropriated for such purposes as General Fund, Motor Fuel Tax Fund, Board of Election Fund, Drug Enforcement Fund, Community Development Fund, Single Family Owner Occupied Rehab (SFOOR), Library Maintenance and Operation Fund, Library Fixed Asset Replacement Fund, Park Dedication Fund, General Bond and Interest Fund, Market Square Tax Increment Financing (TIF) Bond Redemption Fund, 2004 Coliseum Bond Redemption, 2004 Multi-Project Bond Redemption, Capital Improvements Fund, Capital Lease Fund, Central Bloomington TIF Fund, Pepsi Ice Center Capital Fund, Water Fund, Sewer Fund, Storm Water Fund, Solid Waste Fund, Abraham Lincoln Parking Fund, Golf Fund, City Coliseum Fund, Casualty Fund, Employee Insurance & Benefits Fund, Retiree Health Care Fund, and the J.M. Scott Health Care Fund for the fiscal year of said City of Bloomington, McLean County, Illinois, beginning May 1, 2014 and ending April 30, 2015.

Section Two. The amount appropriated for each object or purpose is set forth in the Annual Budget for the year ending April 30, 2015, a copy of which is available at the City Clerk's Office and incorporated by reference.

(NOTE: Amounts appropriated hereby are contained in the Annual Budget for the year ending April 30, 2015, published in book form, copies of which are available for inspection at City Hall, Bloomington Public Library, and other places throughout the City.)

Section Three. That all sums of money not needed for immediate specific purposes may be invested in City of Bloomington Tax Warrants, Tax Sale Certificate, or Notes of Indebtedness, General Water, Parking or Sewer Revenue Bonds, in securities of the Federal Government, in Federal Insured Savings and Loan Associations, Certificates of Deposit in Commercial Banks, or other instruments as allowed by law.

Section Four. Pursuant to 65 ILCS 5/8-2-9.6, and the home rule authority granted to the City of Bloomington pursuant to Article 7, Section 6 of the l970 Illinois Constitution, the Finance Director, with the concurrence of the City Manager is authorized to revise the annual budget by deleting, adding to, changing or creating sub-classes within object classes budgeted previously to a Department, Board or Commission, and to transfer amounts within a particular fund established by this Ordinance, with the restrictions that no such action may be taken which shall increase the budget in the event funds are not available to effectuate the purpose of the revision, and that the City Council shall hereafter be notified of such action by written report of the City Manager.

Section Five. Partial Invalidity. If any section, subdivision, sentence or clause of this Ordinance is for any reason held invalid or to be unconstitutional, such decision shall not affect the validity of the remaining portion of this Ordinance.

Section Six. That all Ordinances or parts of Ordinances conflicting with any of the provisions of this Ordinance be and the same are hereby repealed.

Section Seven. This Ordinance shall be in full force and effect from and after its passage.

PASSED by the City Council of the City of Bloomington, Illinois this 21st day of April, 2014.

APPROVED by the Mayor of the City of Bloomington, Illinois this ____ day of April, 2014.

Ordinance was returned to the City Clerk unsigned by Mayor Renner.

(EXHIBIT A ON FILE IN CLERK'S OFFICE)

Mayor Renner requested that Patti-Lynn Silva, Finance Director, address the Council regarding updated numbers after passage of the Amusement Tax and Local Government Motor Fuel Tax. He also requested an update regarding use of dollars from the reserve fund.

Patti-Lynn Silva, Finance Director, addressed the Council. She noted that the General Fund would be short an estimated $1.2 million in revenue. This amount would draw from the fund balance. Exhibit A's figures had been updated: Adopted Revenues FY 2015 = $90,062,109 and Adopted Expenditures FY 2015 = $91,244,899.

Mayor Renner noted that instead of $500,000 revenue in excess of expenditures, the City would need to take $1.2 million from the General Fund reserves.

Ms. Silva cautioned the Council that it appeared that there would be cost overages from FY 2014 in excess $1 million.

Mayor Renner questioned veto procedure. If the Council passed the FY 2015 Budget Ordinance as presented by Ms. Silva, he expressed his intention to veto same. As Mayor, his signature was needed to approve same. If he decided to veto this ordinance, he questioned if all the items which had been approved at this Special Meeting would need to be voted on again at a subsequent Special Meeting which he planned to hold on Friday, April 25, 2014 at 5:30 p.m.

George Boyle, Asst. Corporation Counsel, addressed the Council. The mayoral veto would address which items would be eligible for an override vote by the Council.

Alderman Lower questioned procedure to table the vote regarding the FY 2015 Budget until a later date. Mayor Renner stated that this action would be difficult. The Council would need to set a date certain.

Mr. Boyle called for a point of order. The Council needed to incorporate Exhibit A as amended into the motion regarding the proposed FY 2015 Budget Ordinance.

Alderman Schmidt was attempting to understand the process. The process appeared to be fractured. If the FY 2015 Budget was adopted requiring the City to use $1.2 million of General Fund reserves, the Council could still work to find $1.2 million in savings. She questioned why the Mayor would consider use of a veto when Council could continue to work on solutions.

Mayor Renner was also working through the budget. He could not approve this budget ordinance in good conscious. The Council had not paid for Police and Fire Pension funding after months of work. The tough decisions had not been made by the Council.

Alderman Black had more questions than comments. The Council needed to find $1.2 million in budget reductions because the proposed increases to the Utility Tax failed. He added that the use of General Fund reserves dollars did not include the cost for this winter's snow and ice removal.

Ms. Silva noted that there would be year-end budget amendments. She cited this past winter's storms, (i.e. snow and ice removal). There were emergency repairs at the US Cellular Coliseum. She hoped to place the FY 2014 Year End Budget Amendment on the Council's April 28, 2014 meeting agenda. She believed that $1 million of fund balance would be needed to address same.

Alderman Black clarified that the City would have to access the General Fund reserves twice. Ms. Silva responded affirmatively. Alderman Black stated that if the FY 2015 Budget Ordinance failed, then the Mayor planned to call another Special Meeting on Friday, April 25, 2014.

Mayor Renner noted that the next Regular Meeting would be held on April 28, 2014, only two (2) days before the end of the City's Fiscal Year. Discussion time would be limited.

Alderman Black stated that structural problems have not been addressed. The Council needed to identify additional budget reductions and/or revenue increases.

Mayor Renner believed that if Council did not make progress, then the City would face layoffs in the next fiscal year. The Council had failed to pass the Utility Tax. He cited the recent loss of revenue, (i.e. Sales Taxes).

Alderman Fazzini presented a budget overview. In his opinion, the Council had not passed a true balanced budget in the past twenty (20) years. He cited infrastructure needs and pension obligations: 1.) $400 million in deferred maintenance for City properties; 2.) $60 million needed to have City streets with an average rating; 3.) $100 million needed for pensions. He believed that the Police and Fire Pensions had been addressed which left $460 million or $23 million per year over the past twenty (20) years that had not been spent on needs. The current budget did not address the millions needed for City facilities, streets and other unfunded needs. Council was not actually addressing a balanced budget.

Alderman Stearns stated it was inconceivable to take $1.2 million from savings. She would be unable to attend a meeting on Friday, April 25, 2014. She agreed with Alderman Schmidt that the process had been fractured. The Council was being rushed to make a decision. She requested that a list be created for $1.2 million in budget reductions. She valued City employees and saw no need to lay-off staff. She restated that the Communication Manager should not be hired. There was no need to rush to judgment by holding a meeting on Friday, April 25, 2014. A decision could be made at the April 28, 2014 Regular meeting. She did not believe that the City would need to spend its General Fund reserves. The Council should be granted fair opportunity to identify $1.2 million in reductions. The Council needed to sort through the options and reach a decision. She added her concern regarding a quorum being available on Friday, April 25th.

Mayor Renner did not view this situation as a rush. Council had begun budget discussions over nine (9) months ago.

Alderman Mwilambwe stated that the process had involved heavy lifting and had not been fun. He agreed with Alderman Fazzini that it had taken the City years to arrive at this point. He questioned the City's ability to solve these issues quickly. He was not in favor of spending reserve funds. He was ready to support the budget. He had heard from citizens regarding what was wanted. He noted the variety to their responses. He questioned if the City should consider a public/private partnership with the Miller Park Zoological Society. The City should be careful when spending for quality of life venues. The Council needed to realize its priorities and then take a closer look. He supported the Communications Manager. This position represented a critical need. It would help the City address City programs and/or services. The Local Motor Fuel Tax would address infrastructure. He noted the size of the City, wear/tear of City streets and the size of the need. He restated his support for the FY 2015 Budget.

Alderman Lower believed that the budget issues could be solved quickly and easily. The Council has not done its due diligence regarding spending reductions. These dollars could be found.

Alderman Fruin believed there was Council consensus to support the FY 2015 Budget. The Council would continue to work on the $1.2 million shortfall. The budget was amendable. He hoped that there would not be a veto.

Motion by Alderman Fazzini, seconded by Alderman Mwilambwe that the amended Ordinance be passed.

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

Ayes: Aldermen Mwilambwe, Schmidt, Painter, Fazzini, Sage and Fruin.

Nays: Aldermen Stearns, Black and Lower.

Motion carried.

Mayor Renner noted the long and difficult budget process. He described the budget as unfortunate. He cited the funding gap and no decision regarding pension funding. The FY 2015 Budget did little to solve long standing financial problems. He addressed the effort needed regarding the FY 2016 Budget. Budget reductions were difficult when public safety and public works were off the table. Next year would be an election year. City Administration currently had five (5) positions which was not unreasonable. He noted the size of the City and the size of the City's budget. He had seen little to no progress. The Council made a commitment to public safety to fund the Police and Fire Pensions. Due to increase pension funding and FY 2014 overages, the City would need to spend General Fund reserves. The Council had not made the tough decisions. He would not sign the FY 2015 Budget Ordinance. He believed that this would be the first time in the City's history that a Mayor would veto the budget ordinance. He planned to call another Special Meeting on Friday, April 25, 2014 at 5:30 p.m.

Alderman Fruin questioned attendance at the April 25th Special Meeting and what was required to override a veto.

Mayor Renner noted the meeting would commence at the conclusion of the Mayoral Open House. Remote participation would be allowed if the criteria were met. A super majority vote was needed to override a veto, (i.e. a minimum of six votes).

George Boyle, Asst. Corporation Counsel, addressed the Council. He clarified that it would require support of two thirds (2/3) of those holding office for an override.

Alderman Stearns requested to make a few comments before adjourning.

Mayor Renner stated that Aldermen's Comments was not listed on the Special Meeting agenda. She would be allowed to address the budget.

Alderman Stearns expressed her appreciation for the Mayor's comments regarding the budget. She noted the increased cost for administration, which went beyond the number of people. She cited the Police Department's administrative staff as an example. Currently, the City Manager's salary was the same as the Governor. She expressed her support for the staff on the street performing their jobs.

Mayor Renner replied that for a city our size, the City Manager was not overpaid.

Motion by Alderman Fazzini, seconded by Alderman Black, that the meeting be adjourned. Time: 7:48 p.m.

Motion carried.

Tracey Covert
City Clerk