Mid-Year Budget Adjustments

Patrick Urich
Peoria City Manager

Jim Scroggins
Finance Director

August 14, 2018
Rating Agency Comments on Peoria

Standard and Poor’s 2018
“Over the long run, we believe rising pension costs and flat sales tax revenue growth will likely pressure the budgetary performance, forcing management to make budget adjustments to avoid deficits.”

Moody’s 2018: Downgraded from A1 to A2
“The downgrade to the A2 reflects the expectation that the city's high pension burden could grow further under current contribution practices and recent erosion of the city's reserves.”
2016 and 2017 Reserve Erosion

2016
- Home Rule Sales Tax ($1,200,000)
- Income Tax ($750,000)
- PPRT ($700,000)
- Fines and Fees ($2,200,000)
- Legal Fees $900,000
- Weed and Litter $200,000

2017
- Home Rule Sales Tax ($2,600,000)
- Income Tax ($1,400,000)
- State Sales Tax ($500,000)
- Fines and Fees ($1,900,000)
- VSI with payouts $1,100,000
Revenue Options – Other Revenues

• Fire Department – Charging for more services via 3rd Party - $400,000
• Police – Tobacco and Alcohol Application and Licensing - $42,000
• Package Liquor Tax - $700,000
• Plastic Bag Fee - $500,000
• Vehicle Sticker - $1.0 Million
### 2018 Second Quarter Financial Report – General Fund

<table>
<thead>
<tr>
<th></th>
<th>2018 Adopted Budget</th>
<th>1st Quarter Estimates</th>
<th>2nd Quarter Estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>$94,606,742</td>
<td>$93,146,737</td>
<td>$93,170,600</td>
</tr>
<tr>
<td><strong>Expense</strong></td>
<td>$92,983,962</td>
<td>$92,188,191</td>
<td>$92,153,263</td>
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<tr>
<td><strong>Change in Fund Balance</strong></td>
<td>$1,622,980</td>
<td>$958,546</td>
<td>$1,017,337</td>
</tr>
<tr>
<td><strong>Shortfall from Plan</strong></td>
<td>($664,234)</td>
<td>($605,443)</td>
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</tbody>
</table>
Staffing Plan

June 2018
• 11 Furlough Days for all City Employees other than Police, Fire and ECC staff
• City Hall closed every other Monday

August 2018
• 5 Furlough Days for all City Employees other than Police, Fire and ECC staff – One day could be a vacation day
• No City Hall closures
• Furloughs taken between Labor Day and Veteran’s Day
• 4 Targeted Layoffs
• 5 Unfilled Vacant Positions
Staffing Plan

Layoffs
• 3 Management Analysts – Police/Fire
• 1 GIS Technician – Info. Systems
• Neighborhood Coordinator converted to Body Cam Tech
• 2 Temp Code Aides to Full Time

Vacant Positions
• Land Manager, Building Inspector, Engineer, Purchasing Coordinator, Attorney

Should the Unions not Agree to Furloughs, the City would implement contractual layoff language
• 9 Permanent Layoffs in AFSCME: 2 Temp Code Aides; Admin III; Admin II; Police Records Techs; 2 Police Info Techs; Engineering Tech; Parking Enforcement Officer
• 16 Seasonal Layoffs in Crafts and Trades from September to November
## 2019 Budget - Pensions, Revenues, Lawsuit

<table>
<thead>
<tr>
<th>Public Safety Pension Increases</th>
<th>Estimated Impact</th>
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</thead>
<tbody>
<tr>
<td>Assessed Valuation (down 2.5%)</td>
<td>($800,000)</td>
</tr>
<tr>
<td>Sales Taxes (down 2.0%)</td>
<td>($900,000)</td>
</tr>
<tr>
<td>Personal Property Replacement Taxes (down 8.0%)</td>
<td>($500,000)</td>
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<tr>
<td>Other Revenues</td>
<td>($400,000)</td>
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<tr>
<td><strong>TOTAL DEFICIT</strong></td>
<td><strong>($4,000,000)</strong></td>
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<tr>
<td>PAAG Lawsuit</td>
<td>($2,000,000)</td>
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