Peoria City Council Passes Balanced Budget

Each year the City Council makes decisions on critical services like public safety, infrastructure, and the quality of life in Peoria's neighborhoods, while determining how to pay for it. Over the last decade, the City has grown in population and land size. The City Council has made a number of tough decisions in order to live within our means.

After unprecedented discussion throughout 2015, the City Council adopted a balanced budget for 2016 and 2017. The 2016 Budget is $185.3 million. The operating budget supports public safety and strong neighborhoods and the capital budget increases the city investments in roads. The City closed the $5.6 million deficit by cutting capital spending $4.0 million, reducing post-employment healthcare contributions $1.0 million, and cutting operating expenses $1.0 million. In addition, sales taxes will increase by $1.9 million and various licenses and permits will increase by $1.3 million. The budget puts more funds into road construction, the highest priority request of the public. An additional $5.2 million of road construction is funded by raising property taxes, local motor fuel taxes, and hotel taxes. Future retiree health contributions of $2.2 million are placed into reserves with a current surplus of $700,000. For a more detailed description of major funding changes, please visit the City of Peoria website at www.peoriagov.org/finance-department/2016-budget-information/

This budget in brief is intended to provide you with the City’s approach to balancing the budget; the major sources of funds which pay for the services the City provides; and the major changes to the 2016 budget. For comments regarding the budget or this document please send an email to citymanager@peoriagov.org

2016 Expenses: $185.3 Million

- Police: 26%
- Fire: 22%
- Public Works: 14%
- Admin: 7%
- Comm. Dev.: 4%
- Library: 4%
- Tourism: 1%
- Capital: 11%
- Debt: 11%

2016 Revenues: $188.3 Million

- Property Tax: 19%
- Sales Tax: 26%
- Income Tax: 10%
- Fees: 13%
- Motor Fuel Tax: 3%
- Utility Tax: 7%
- HRA Tax: 5%
- Insurance: 9%
- Garbage: 3%
- Grants: 5%

The Fiscal Year 2016 Budget is balanced and provides additional funds for public safety and road construction.
Operating Budget Highlights

The $185.3 million spending plan approved by the Council for 2016 focuses on the core City responsibilities—police and fire protection, emergency communications, and infrastructure maintenance. Services that contribute to our quality of life such as neighborhood services, libraries, economic development, and attracting visitors to Peoria are funded, as well as internal support functions such as legal, finance, and human resources.

Public Safety

The 2016 budget bolsters public safety by adding five additional police officers. In partnership with School District 150, the City has received a Federal COPS grant for police officers in District high schools. An additional resident police officer is funded in 2016, expanding this successful program into a fourth neighborhood.

A new program is being developed to assist the City to hire minorities into the Police and Fire Departments. Youth interested in the police or fire service will be able to work part time as Cadets after they leave high school but before they are eligible to become a police officer or fire fighter. Funds for 5 Fire Cadets and 10 Police Cadets is included in 2016.

Shotspotter, the technology that identifies the location of gunfire in portions of the City is fully funded, as is the ongoing commitment to the Don’t Shoot initiative.

Strong Neighborhoods

The non-owner-occupied “rental” registration fee has been increased to provide additional funds in older neighborhoods. The increased revenues will pay for securing properties, demolition, weed and litter clean up, vacant lot maintenance, rat abatement, a fourth resident police officer, and technology improvements for code enforcement personnel.

Warehouse District streetscape maintenance costs are included for the additional planters in the Warehouse District. The establishment of a tree nursery on City property to manage the tree replacement program for trees in the City rights of way will occur in 2016. The Mayor’s Youth Group is funded to provide experiences in Public Works to more than 40 high school students in 2016.

Council Goals

City Departments were asked to put together budgets for 2016 and 2017 from a zero basis. State and federal mandates and Council goals took precedence during the review of future spending. The Council has identified their desires for the future of Peoria, and have developed a plan to achieve this vision. The goals for the City include:

- Financially Sound City Government
- Effective City Organization
- Grow Peoria: Businesses, Jobs and Population
- Attractive Neighborhoods with Character: Safe and Livable
- Vibrant Downtown: Riverfront/ Central Business District/ Warehouse District
What Costs are Driving the City Budget?

The budget deficit discussed in 2015 was $5.9 million for 2016 and $6.6 million for 2017. The drivers of this budget deficit have been legacy costs outpacing revenue growth.

Over the last 5 years, the average growth rate in General Fund revenues has been a negative 2.96%, forcing the City to cut expenses every year.

Our employees continue to bear more healthcare costs. In 2016, employee health insurance premiums will increase 50%. Since 2010, thanks to employees, healthcare costs have only increased 0.50% per year. Salary costs have grown 1.21% per year from 2010 to 2015, as the City has fewer employees.

Pensions, particularly for public safety, have grown nearly 4 times the rate of inflation, 7.26% annually since 2010. Public safety pension growth has virtually crowded out the use of property taxes for operations, leading to additional revenue increases for 2016.

Investments in Infrastructure

The Community Investment Plan is $20.0 million. Three principles guide the Community Investment Plan, live within our means, reinvest in the City, and maximize impact with limited resources. Road and Sewer projects are funded and take precedence. The City also needs properly functioning equipment and up-to-date software. Staff fully reviewed the replacement schedules for vehicles and equipment and evaluated the maintenance needs of all of our facilities. The Plan strives to maximize the City’s investment by focusing on projects that have the broadest impact. In 2016, nearly 89% of all funds are focused on projects that directly impact citizens. The remaining 11% (in the categories of Equipment and Technology, Facilities and Vehicles) makes the work that staff delivers to citizens every day more effective and efficient.

A Focus On City Streets

In a recent survey of City residents, only 13% of the respondents stated that the City’s roads were “excellent” or “good.” The City conducted a pavement condition study that established a baseline of the condition of Peoria’s roads. On a scale to 100, the City residential streets were rated at 71 and the arterial streets were rated at 75. In order to maintain these levels, millions of additional dollars would be required. The 2016 budget increased hotel taxes, motor fuel taxes, and property taxes to raise an additional $5.2 million for road reconstruction and preservation.

The impact will be considerable for the arterial and residential streets. Beginning in 2016, Sheridan Road from McClure to Bartlett Court, University Street from Forrest Hill to War Memorial and the Sheridan Road Bridge will be reconstructed. Manor Parkway, Dries Lane, Dennis Court, Delmar Court, Harvard Avenue, Stening Drive, and Columbine Drive are all residential roads that will be reconstructed. By tripling the size of the pavement preservation program, the city will be extending the life of 45 miles of roads in 2016.
With fiscal restraint in mind, the City has lived within its means and reduced positions. From a high in 2009 of 816 positions, the City has reduced the workforce to 681, a 16.5% reduction in force as reflected in the chart above. Had these 135 positions remained in the budget, the City would have had to raise taxes an additional $20.25 million annually.

The City has proposed to the Federal Government a solution that would be 100% green, utilizing the latest technologies to infiltrate the stormwater before it gets into the sewer system. The City has the right types of soils needed to infiltrate 37 million gallons in a storm event. The costs of this unfunded mandate range from $160 million to $230 million. At this time, it is anticipated that most of the capital construction costs of the combined sewer program will be funded through sewer rates.

However, maintenance costs on green stormwater infrastructure are significant as well. Drainage issues occur all across the City, not just within the CSO area. For these reasons, the City is reviewing a stormwater utility. A stormwater utility removes all of the costs of wet weather management from the current budget and bills property owners, even non-property tax paying owners, a fee based upon their impervious area. A committee was formed with business leaders, environmentalists, and citizens interested in this issue, the OneWater Committee. The committee made recommendations on a model program that would cost $12.1 million annually without any CSO expenses in the program. City staff has reviewed the program and reduced it to $8.3 million, coupled with $5.0 million of CSO maintenance expenses. Council will be presented recommendations in early 2016.

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City Positions

7-Year Trend

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