



TO: Honorable Mayor and City Council Members
FROM: Mark Rothert, City Manager
CC: Department and Division Managers
DATE: March 12, 2021
SUBJECT: Transmittal Letter for the Fiscal Year 2021-2022 Operating & Capital Improvement Budgets

Please accept the attached proposed Fiscal Year 2021-2022 Budget (FY22 Budget) that anticipates General Fund expenditures of over \$29.4 million and capital improvements of over \$30.3 million. This budget was put together taking into consideration the lasting impacts from the COVID-19 pandemic, state funding, new legislation, as well as other factors from the community. As proposed, the FY22 Budget is balanced and places a heavy emphasis on service delivery, organizational efficiency and capital improvements for our community.

As we progress through various meetings and financial discussions over the next several weeks, some budgetary figures may be adjusted. The following is therefore a summary of highlights or changes in the proposed budget that you may find of interest. They include:

State and Federal Impacts on the Budget

- With recent passage of the American Recovery Act, Pekin will be receiving \$10,520,000 that can be used for COVID pandemic related expenses, reimbursement for lost revenue, or any water, sewer, or broadband infrastructure. The attached budget utilizes this one-time influx of funding for one-time expenses in planned sewer capital improvements and is detailed in the Capital Improvement Budget.
- The State of Illinois's Governor has proposed that Local Government Distributive Funds (income tax revenues) be scaled back to local governments in the State. This budget takes into account that reduction.
- The passage of Illinois' "Leveling the Playing Field for Illinois Retail Act" last year will make revenues from Use Taxes decline while also increasing Municipal Sales Taxes. This budget takes into account these changes.
- Illinois House Bill 3653 was recently signed into law that will have a drastic impact on policing across the state. Body cameras, additional training, and updating of policing practices will all have a budgetary impact. This budget addresses these upcoming changes to the police profession.

City Administration & Support Services

- City Manager: Providing same level of service.
- City Clerk: Providing same level of service.
- Legal: Providing same level of service.
- Finance: Working to bring the City's audit status and financial position up to date
- Human Resources: Providing same level of service; focusing on employee assistance, recognition and engagement.
- Information Technology: Helping to modernize departments such as through the integration of Axon with the Police Department.

Community Development

- **Building Inspections:** Budget anticipates contracting again with SAFEbuilt, LLC.
- **Planning & Zoning:** Budget anticipates contracting again with City Solutions, LLC (Matt Fick).
- **Community Development Block Grant:** Program funding is anticipated to help fund Fire Department needs. See the Capital Improvement Budget.
- **Economic Development:** Budget anticipates contracting again with City Solutions, LLC (Matt Fick). Economic Development activities will continue to utilize incentives from the City's tax increment financing districts, as well as, the new business development district.
- **Tourism:** Budget anticipates continued support for Pekin Area Chamber, Greater Peoria Economic Development Council, Peoria Area Convention and Visitors Bureau, Marigold Festival and an allotment for other sponsored events that have yet to be determined.

Public Safety

- **Police:** The Police Department has several priority requests revolving around compliance with Illinois' sweeping police reform bill, HB3653, along with the department's desire to be more transparent and accountable to its citizens. Major expenditure requests include:
 - The Department is requesting to hire an additional records clerk to assist the records division with the high volume of FOIA requests along with being able to increase compliance with newer state statutes requiring the expungement of cannabis arrests for the past decade. FOIA and expungements each take a great deal of time and both have a strict timeframe on when they have to be completed.
 - The Department continues its partnership with Axon in relationship to the body camera program. Our budget request builds in additional funds to outfit the rest of command and investigations with body-worn cameras. This purchase would be to comply with mandated requirements in HB3653.
 - The Department is asking to lease five squad cars from Enterprise. This purchase is a continuance of our vehicle replacement program that is designed to help decrease the high costs associated with trying to keep aged and high mileage police vehicles safe and roadworthy.
 - The request for training was increased due to several officers utilizing the city's tuition reimbursement program for college and to fund all of the required, unfunded, training that is part of HB3653. The full scope of additional training due to this bill is still not fully realized, but the required training appears to be vast. In addition, bills continue to be introduced almost daily, that have some component of required police training.
 - The Department is requesting the approval to promote an additional Lieutenant and Sergeant. The new Lieutenant position would be tasked with handling all of policy

review/revision associated with HB3653. The almost 800 pages of the bill requires substantial review and revision of our current policies. Once the departmental policies have been updated to comply with the law, then all members of the Department have to be trained on the new changes. Once the policy review and training is completed, this Lieutenant would start the state accreditation process for the department.

- The Sergeant would be filling the new Lieutenant's vacated position in patrol. The department will remain at 54 officers at this time and will not be hiring a new employee due to the promotions. It should be noted that the addition of the fifth Lieutenant would require a city ordinance update.
- The Department is requesting funding for the Starcom Radio infrastructure project. This project provides the required infrastructure to operationalize the new countywide Motorola Starcom Radio System.
- Code Enforcement: The property cleanup/demolition line item totals \$100,000 to address the removal and clearance of dilapidated structures in the community. This is in addition to funding of \$54,955 in the CDBG budget for similar purposes.
- Fire: The Fire Department has several priority requests that address years of deferment on building maintenance, vehicles, equipment and training requirements that are needed to modernize the department. These include the following:
 - Overtime Pay is anticipated to be its highest ever (over \$700,000 in FY21) due to vacancies, on the job injuries, and the COVID pandemic. The proposed budget anticipates hiring three (3) new firefighters to greatly reduce this overtime number which will also help to lower on the job injuries and job fatigue.
 - Major facility repairs at Fire Stations 1, 2 & 3. See Capital Improvement Budget.
 - Construction of new storage building at Fire Station 1. See Capital Improvement Budget.
 - Purchase of a new Fire Engine, utilizing CDBG funding. See Capital Improvement Budget.
 - Purchase of a command vehicle. See Capital Improvement Budget.
 - New radios are needed to replace radios that are 15+ years old.

Public Works

- Public Works Administration: Currently recruiting for a new Public Works Director to provide strategic direction to the department.
- City Engineering: City Engineer will be coordinating the implementation of 2/3 of the Capital Improvement Budget projects.
- Streets/Sewer Division: To accommodate the need for additional street maintenance activity, the budget anticipates the hiring of three (3) new full-time street/sewer maintenance workers while also doing away with previously budgeted part-time workers, for a net gain of .5 FTEs.
- Solid Waste Division: To accommodate better route coverage and to look at expansion opportunities outside of the City, the budget anticipates the hiring of one (1) new full-time solid waste collector.
- Public Property Division: Manager will be coordinating the implementation of 28% of the Capital Improvement Budget projects.

- Waste Water Treatment Plant: Improvements made to the facility and facility grounds. See Capital Improvement Budget.
- Fleet Maintenance Division: Providing same level of service.

Transportation Services

- School Bus New leadership will be in place to provide strategic direction and efficiencies to the department.
- Airport Expansion projects are in the Capital Improvement Budget.

Capital Improvement Budget

The Capital Improvement Budget will utilize funding from the following sources to address various infrastructure, facility or vehicle/equipment needs of the City:

- Motor Fuel Tax Fund
- Tax Increment Financing, from the Central Business District TIF, Southern Industrial Park TIF, and Court Street TIF Districts
- Business Development District #1
- Bond funds used to support the expansion of the Airport
- Sewer Fund
- CDBG annual allocation and rollover funds
- CDBG Section 108 Loan funds
- Solid Waste operating revenues
- Any rollover surplus funds from FY21 designated by the City Council
- American Recovery Act funding allocations.

Please see the Capital Improvement Budget for a more detailed look at particular projects and funding sources.

Other

- Police and Fire Pensions: The budget anticipates funding these pensions at levels higher than what is called for statutorily.

CONCLUSION

As a policy document, the budget is a vital communication tool to you and the public of the City's priorities. Should you have any questions, I am available to discuss the proposed document at any time. Please feel free to contact me with any questions or need for additional information. I look forward to working with you on its adoption by the start of the fiscal year on May 1, 2021.

Sincerely,



Mark Rothert
City Manager