

**City Council of the City of Carbondale, Illinois**  
**Public Hearing on Proposed FY 2010 City Budget**  
**March 31, 2009**

The City Council of the City of Carbondale, Illinois, held a public hearing on Tuesday, March 31, 2009, in City Council Chambers of the Carbondale Civic Center, 200 South Illinois Avenue, for the purpose of soliciting comments on the proposed FY 2010 operating budget. Mayor Brad Cole called the public hearing to order at 7:18 p.m. with the following-named members of the City Council present/absent:

Present: Councilman Chris Wissmann, Councilman Steven Haynes, Councilman Lance Jack, Councilman Joel Fritzler, Councilwoman Corene McDaniel, Councilwoman Mary Pohlmann and Mayor Brad Cole

Absent: None

Also present were City Clerk Janet M. Vaught, City Manager Allen Gill and various members of the City's administrative staff.

Mayor Cole noted that the budget was placed on display for public inspection on March 21, 2009. He asked City Manager Gill to present the budget. The Mayor added that public comments will be invited after Mr. Gill's presentation and the Council will discuss the budget later on in the meeting.

City Manager Gill noted that as part of the budget process the City Manager is to present a Budget Message which is printed and incorporated into the Budget which is on file in several locations. Anyone who would like to read the entire Budget Message is invited to do so or he will get a copy to anyone who asks. He said this budget was very difficult and very unusual to put together partly because the fiscal stress the City has been under in the last year or so and partly because at the same time additional capital funds are available to be spent which actually causes the City to have an increased budget at a time when it is undergoing declining revenues. Mr. Gill said the projects are derived from several sources, some were projects previously authorized and money was set aside for them, some were projects authorized anticipating a future bond issue which is scheduled in this budget, some is money that the City hopes to get from grants and loans, some includes stimulus money coming out of Washington and some is normal loan funds which is anticipated through State sources such as the EPA.

City Manager Gill said that during the last year the City experienced a fiscal downturn that has affected the entire country and, as a result, the City had to institute a number of measures to keep the budget in line including across-the-board cuts, postponing capital projects, postponing equipment purchases, keeping vacant positions unfilled and restricting employee travel. These same measures have carried over into the new budget. The total budget for all funds is \$52,900,000 which is about \$10,000,000 over the previous year. This includes budget expenditures that are resulting in increased capital spending, primarily in Local Improvement Funds and Water and Sewer Funds and are usually very large projects. Mr. Gill said approximately \$6.5 million is budgeted in the Local Improvement Fund for new police and fire stations. The Water and Sewer Fund includes approximately \$4 million for a new water storage facility. These are the largest projects. Total revenues anticipated are \$49,500,000 which is also increased from the previous year.

Mr. Gill said that major items that affect all the funds in this budget for the next year include increased salaries and wages due to multi-year labor agreements, health insurance increases, energy cost increases, newly-adopted electric and natural gas franchise agreements mean that free utility service is no longer available at certain City facilities but the City will be receiving annual cash payments from AmerenCIPS to

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account for that. He said pension funds particularly present a real challenge for the City at this time and it is anticipated that this will grow over the next fiscal year. The City currently contributes to the Illinois Municipal Retirement Fund (IMRF) over \$700,000 each year and, in addition, the City puts over \$1.4 million into its police and fire pension funds all of which are charged to the General Fund. Mr. Gill said IMRF investments lost approximately \$6.1 billion fund-wide during the last year which has caused the Fund to drop to approximately 69% funded on an actuarial basis. The City has been notified by IMRF officials that they will be anticipating increases in employer contributions to make up these losses. Although no pensions are at risk, the difference has to come from somewhere and that comes from employer contributions. The City is expecting that the contribution rates could go up substantially which will put additional strain on next year's budget. Similar increases are expected in police and fire pension funds though the actuarial studies are still underway.

Mr. Gill said the General Fund budget accounts for basic City services including police, fire, economic development, development services, general government, administrative services and portions of public works. The General Fund total this year is \$20,700,000 compared to \$22,247,000 the year before. This is an actual decrease of approximately \$1.5 million in these operating funds. In order to accomplish this, a number of cost-containment items have been instituted which he mentioned earlier. In addition, there are no new General Fund capital projects this year, there has been a reduction in the number of police patrol cars being replaced, a reduction in home conversion grants, elimination of the summer clean-up program which the City has come to depend on every summer, the Fire Department computer and software has been eliminated although there may be a way to serve them online from City Hall with better connectivity. Mr. Gill said there is no major street repair program or sidewalk replacement program as a result of the funding shortfall; therefore, street department activities will be limited to preventive maintenance, spot repairs and any major street work will be through grant funding only.

Mr. Gill said on the positive side many City goals continue to be accomplished including new software for Building and Neighborhood Services, architectural design and planning for the new police and fire facilities, new City Hall website, the new Comprehensive Plan is moving forward, services in police and fire will continue largely uninterrupted, there are still grants for housing rehabilitation and weatherization and funding is continuing for agencies and organizations. The Local Improvement Fund is the capital improvement section of the General Fund. This is where a lot of the capital spending is occurring in the coming year. This includes funding for police and fire facilities and it is anticipated that they will proceed through architectural design and construction financing with financing through a general obligation bond issue that would be paid for through the previously-adopted Home Rules Sales Tax increase. Mr. Gill said the timing of the bond issue is not certain at this time because of so many variables involved including credit markets, interest rates, tax flow from the sales tax, etc.. Also, out of the increased sales tax there is new money being set aside for open space development which was a commitment made at the time the sales tax increase was adopted. Street construction projects include the reconstruction of Reed Station Road and the extension of Reed Station Parkway with IDOT funding and with cash on hand for the local matching funds.

Mr. Gill noted that the Water and Sewer fund is the City's major utility fund and as noted in the past the major problem with this fund has been that the system assets are depreciating at a faster rate than they are being replaced. Mr. Gill said that this budget will reverse that trend with a new water storage facility and other capital improvements included in this fund some of which are being paid for out of fund balance accumulated in previous years and some of which are being paid for from low-interest loans from State revolving loan funds. In addition, work is being scheduled at Cedar Lake partly with grant funding including back-up water supply reliability studies, design and construction of a water main relocation at Pyles Fork Creek, a reservoir spillway outlet erosion control project underway, continuing improvements in the former

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Crab Orchard Water District and the painting of the Helen Street water tower. On the wastewater side, included is a new truck and video camera in the wastewater collection system which is a major piece of equipment, over \$300,000 itself, but is a critical part of preventive maintenance work including identifying lines that need repair and/or flushing to prevent sewer backups. The Solid Waste Fund is showing a slight decrease in fund balance over the next year primarily because of implementation of the expanded paper recycling program which was enacted a year or so. There was a multi-year fee increase put in place to pay for it and the third phase will kick in the following fiscal year which should restore the fund to a balanced condition.

City Manager Gill said it is necessary that the City look at the fund balances be maintained after all of this spending and he can assure the Council that the City is maintaining adequate fund balances. Even after what is planned in this fiscal year, the General Fund will still carry a nearly \$5 million unrestricted fund balance. There is an additional fund balance which is restricted for specific purposes on top of that amount. The Water and Sewer Fund will maintain an over \$2.5 million fund balance. The decline in fund balance is primarily in the Local Improvement Fund which is capital improvements and that is why that money was set aside.

City Manager Gill said that looking to the future, due to what is known is likely coming in the way of pension increases, the City may have to look again at additional fiscal measures to keep the budget in balance. He said the General Fund as presented is balanced and whatever is necessary will be done to keep it balanced. He said if this means further expenditure reductions that may be what has to be done.

City Manager Gill thanked Finance Director Ernie Tessone and all the Finance Department, Donna Butcher in particular because of her coordination of the technical aspects of putting the budget together. He also thanked Beth Ponce, Mary Runion and the Public Works staff for putting together the Capital Improvement portion of the budget. The City Manager also thanked the Mayor and Council for their guidance and policy direction that goes into budget preparation, adding that the budget is a statement of municipal priorities and the money is spent to try to achieve the priorities that are set by the Mayor and Council.

Mayor Cole noted that Council is in a public hearing to consider the proposed FY 2010 City budget and invited comments from the public.

Jane Adams, 702 West Cherry Street, said she is pleased to address the Council and is pleased to see the high school students who are present at the meeting to learn about City government and citizen participation. Ms Adams said her comments deal with the budget for Development Services. She said she would like clarification and would like to comment. She said "it" is slated for a decrease of \$508,660 from the budget from FY 09, a decrease of 23%. She said this is 34% of the total decrease in the General Fund budget. It puts the Development Services budget below that of FY 2008. This decrease comes despite approximately \$350,000 that was projected in new money from the rental inspection fee that was instituted in this fiscal year 2009. Ms. Adams said that according to the budget document the decrease is to be accomplished by continuing to not fill positions of Neighborhood Inspector and a Planner as well as, she assumes, other cuts in that department. She said today there are six neighborhood inspectors plus one seasonal employee whose job it is to monitor high grass and weeds. In FY 2008 there were five neighborhood inspectors. By her calculation, \$350,000 could pay the salaries of more than five new inspectors which means a total of eleven or so. Instead, she said, we remain at six. She said the aim of the rental inspection fee was to improve the quality of rental housing in Carbondale, adding the City had fallen far behind in its mandated three-year inspection cycle. In fact, she said, they seem only able to keep up with overseeing new construction and

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responding to complaints. Ms. Adams said she notes that the significant goals for Building and Neighborhood Services for FY 2009 include upgrading the quality of existing housing stock and guest accommodations, enhancing the environmental appearance of the community and eliminate situations hazardous to the health, safety and welfare of neighborhoods, and protect the health, safety and welfare of the general public in existing buildings and new construction. Ms. Adams said with approximately 70% of the City's housing being rental units and approximately 40% of the single family and small multiple unit (4 units and under) structures in our residential neighborhoods now serving as rentals, six full-time inspectors will be extremely hard pressed to maintain the vigorous inspection schedule required to inspect all rental properties within three years and to simultaneously enforce environmental, parking and occupancy standards. Ms. Adams said she noted in FY 2009 the enforcement of these standards was a very high priority including occupancy which is extremely difficult and time consuming to police. Ms Adams said the Arbor District Neighborhood Association, of which she is an officer, worked very hard to see the rental inspection fee passed. They believe it would give the City the resources needed to upgrade the blighted housing stock, effectively enforce over occupancy in R-1 neighborhoods and enforce community standards regarding trash, parking and mowing. They worked for this fee because the current blighted condition of the near-in neighborhoods gives a very poor impression to visitors and residents who are the lifeblood of the community. Further, it reduces the value of properties while simultaneously shifting negligent landlords costs of doing business, including many costs to the City, onto homeowners and quality landlords who, because they maintain their properties, pay far higher property taxes than do negligent landlords who allow their properties to become blighted. Ms. Adams said she understands the City faces a financial squeeze because of the nosedive in the economy but it seems to her to be very shortsighted to pull back on the number of neighborhood inspectors at exactly the time when the City needs to spruce up the town to make it attractive to potential students and potential patients at Memorial Hospital and potential entrepreneurs. She said she feels like what has happened has been, in effect, a shell game where new money came in to Building and Neighborhood Services for inspectors and it is simply replacing existing money that is being pulled out and put into other resources or simply disappearing. She said she would like, if its appropriate, to have a fuller explanation for the cutbacks in the number of inspectors to be hired in FY 2010 and some explanation of what is being done with this fee that has just been instituted that was supposed to go a long way toward addressing the problem of blight, over occupancy, trash, etc..

Mayor Cole responded that Ms. Adams mentioned several numbers, including that Building and Neighborhood Services Division 40210 in Development Services is being reduced by about a \$500,000. After checking her notes, Ms. Adams said the reduction was from the budget for FY 2009. Mayor Cole said the actual FY 2008 was \$1.164 million and the budget for FY 2010 is \$1.215 million. Ms. Adams said these are not the figures from the documents where she is getting her data. Mayor Cole said the figures are on Page 120. Mayor Cole said that to note where the figures are coming from, a reduction of \$356,000 is from outside grants that were received in FY 2009 that are not projected to be received in FY 2010, so that is outside money that the City is not projecting to receive from grants. Also, he said, there is a \$71,000 expenditure budgeted for software which the Council should be approving the contract at this meeting so this will not be spent next year. This reduces it to \$427,000. Mayor Cole said there is also an error in Ms. Adams math because she mentioned approximately \$350,000 - - Ms. Adams interjected she said \$315,000 - - Mayor Cole continued by saying she said \$315,000 which is \$45,000 off what the actual budget projections were for collection. He said the City was projecting \$270,000 in collection on the fees which is for approximately 7,700 units, which is approximately \$472,000 which is the bulk of the difference. Mayor Cole said the only reduction is in one inspector and Ms. Adams should note that the City has increased the number of inspectors from FY 2008 by one full person and partially from FY 2009 because of the fractions come in depending on when someone is hired, etc.. Mayor Cole said the fee was collected and was intended to pay for the services of the rental housing inspectors and that is where the fee is being

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collected and spent. He said it is being applied across the Board to the amount of work the inspectors are doing in rental housing inspections. Mayor Cole said the inspectors do not perform 100% of their time in rental housing inspections so 100% of the fee cannot be applied toward their salaries. Mayor Cole said this is where Ms. Adams numbers that she mentioned show the difference, primarily in \$356,000 in outside grants that are not being received next year and, secondarily, in the \$70,000 plus for the software that is being approved tonight and the \$45,000 difference in what is being budgeted for collection of the fee. Mayor Cole thanked Ms. Adams for bringing this up. Ms. Adams said they were told there would be at least minimally two additional inspectors to be funded under the budget and what is occurring is that perhaps one new inspector may have been funded under the budget. She said as she understood that six inspectors were already in the budget. She said she believes the existing staff are going to be extremely hard pressed to do the job and that people will arguably say this was a "put it in and pull it out" kind of operation; maybe not pull all of it out, but pull a big chunk of it out. Mayor Cole noted that no one is pulling anything out, adding that the City has hired one new inspector and because the new software is being awarded tonight there will be greater efficiencies in putting more information out for the inspectors. He noted that was the intent, to create new efficiencies, be more productive, have more information to the public. Ms. Adams said she is delighted to see the software, adding that is a wonderful investment of the money and is absolutely appropriate.

Don Monty, 418 South Giant City Road, said he wanted to speak on one item that is in the Capital Improvements Program. He said when he read in the budget that there were going to be no sidewalks funded this year and he understood fully well because the budget is very hard pressed this year. But when he looked in the CIP program he saw that all the sidewalks were taken out of the entire five-year CIP program. He said he was trying to figure out if what was being said was that for the whole next five years the economy is going to be so bad that the City will not have any money to work on sidewalks. Mr. Monty said he was at the Comprehensive Plan meeting last week and in one of the sessions he attended a major part of the discussion had to deal with core repair, lack of or inadequacies of the sidewalks in this city. He said he can fully understand in a fiscal crisis such as now why one would cut back on sidewalks for a year or so but he cannot figure out why they are totally gone for the whole five-year CIP program. He said he would hope that someone would take a look at that.

Mayor Cole responded said this is an oversimplification of what is being projected for this year, adding that all of the sidewalk work is not being removed for eternity. Mr. Monty said that when he reviewed the CIP there was nothing in the future five years for the normal sidewalk program which started out at \$50,000 and then the Mayor helped increase it to \$100,000 but now it looks like there's nothing there for the next five years. Mayor Cole said this was an issue he worked very hard on as a Council person and what they are trying to do is balance actual projected revenues with the anticipated expenditures. He said there will likely be adjustments to the CIP to reflect revenue that is coming in to go out for projects like sidewalks. He said as a specific mention, the City received \$774,000 in the Recovery and Reinvestment Program funds, federal stimulus money, and the City is projecting to spend a portion of that on Washington Street to resurface it. Because of the location of the street, the City will also be able to use some of its downtown development funds to offset some of the expenses. Some of the costs may come in below estimates and, therefore, some of the redevelopment funds can be used not for the street resurfacing but for other projects there like sidewalks. Mayor Cole reiterated that there would be adjustments that will be made in the CIP when the City can identify specific revenue streams for them such as the sidewalk program. Mayor Cole said he shares Mr. Monty's thoughts and appreciates Mr. Monty bringing them up.

Elius Reed, 2012 South Illinois Avenue, asked if the City will continue to pay the Washington, DC, lobbying fees of about \$60,000 per year. Mayor Cole said that is not included in the proposed FY 2010 budget.

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D. Gorton, 702 West Cherry Street, said in dealing with the issue of how many rental units there are in the City, the document that they have that they are working from that was generated from Development Services says 9,000 rental units, not the 7,700 that the Mayor quoted. He said the figures from that were \$315,000 as the estimated amount of money that would come in. Mr. Gorton reiterated that these were the numbers they were using and perhaps the Council has a different set of numbers that they do not have that might have come out later. Mayor Cole said those were narrative estimates because the City does not know exactly how many units there are. He reiterated that this was an estimate for the narrative but budgeted in the budget document are 7,700 units at \$270,000. Mr. Gorton asked if the City knows if it has that. Mayor Cole said this is the number that is being budgeted for. Mr. Gorton said they are trying to figure out how many housing units there are. In response to Mr. Gorton's question, Mayor Cole said the 7,700 is the number being used for budgeting purposes, adding that the 9,000 is an estimate of what may be out there but the City doesn't actually know what is out there because registration has never been done before. Mr. Gorton said the City should have facts; Mayor Cole responded that this is why 7,700 units are being budgeted. Mr. Gorton asked how the 7,700 was arrived at; Mayor Cole responded that the number was prepared by the budget office in consultation with Development Services. Mr. Gorton said, then, that the 9,000 number became inoperative in the middle of things. Mr. Gorton said his other question was did the City not have four inspectors on staff and they were paid out of General Fund around two years ago. Mayor Cole responded yes. Mr. Gorton asked if now all of the inspectors are being paid out of the \$275,000. Mayor Cole said that the portion of the neighborhood inspectors that do rental housing inspections are being paid from that money. Mr. Gorton asked if the original money that was coming from the General Fund that paid the four inspectors has been moved away from there and the money coming in from the rental inspection program is now paying for them. Mayor Cole said yes, adding that because it was determined that the rental inspection fee should pay for the rental inspectors. Mr. Gorton said their advocacy at the time was to have enough money to do whatever was adequate because nobody really knew how many houses there were to inspect and how many reinspections there would be. He said according to the narrative there are 4,000 inspections per year, 3,000 initial inspections, up to 1,000 reinspections, so looking at that and not knowing how many people it takes to inspect or how difficult it is, nobody knows if things are going to be dealt with adequately. Mr. Gorton said the reason it is a big issue for them is because for so many years they did not get the 3,000 or one-third of the houses inspected in the town under the previous regime. So they were hoping that, in fact, there would be enough money that if they had to go up beyond two inspectors to three inspectors, whatever was necessary, because they felt that was the most important tool they had to take care of the dilapidated housing in the town. Mr. Gorton said the numbers that float around are difficult to follow since that is not what they were seeing on the web and trying to make sense out of. Mr. Gorton said that he thought that money had gone from the General Fund had been moved out of it and then the rental inspection fees were then paying everybody including people who had originally been paid for out of the general fund. He said this is why he thinks someone earlier may have said that it was a shell game. Mayor Cole said it is a fee for service at this point so the fee is paying for the service of the inspections. Mr. Gorton said that the net result of the \$300,000 or \$265,000 or whatever the City ends up with is that the City has only one new inspector. Mayor Cole said the City has hired one new inspector and tonight new software is being purchased to better manage the information and the data and the Council's goal - who adopted the fee - is to achieve maximum penetration for inspecting for quality rental housing units. He said that is what this budget anticipates allowing for. Mr. Gorton said he wanted to clear up that the money had moved backwards and forwards, moved somewhere else. He said the other thing was that they saw a demonstration of the software and it is very impressive and will do, in fact, what the Mayor said it would do and make things far more efficient. Mayor Cole said that the City has excellent neighborhood inspectors and they know that the City Council supports their work.

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Mayor Cole again invited comments from the public. There was no one else who indicated a desire to speak during the public hearing. Calling once again for public comments and hearing no response, Mayor Cole declared the public hearing closed at 7:51 p.m..

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Janet M. Vaught, City Clerk

Approved by the City Council on:

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