

**CITY OF BLOOMINGTON
CITY COUNCIL COMMITTEE OF THE WHOLE
MEETING AGENDA
109 E. OLIVE – COUNCIL CHAMBER
MONDAY, NOVEMBER 17, 2014, 5:30 P.M.**

- 1. Call to Order**
- 2. Roll Call of Attendance**
- 3. Public Comment (*5 minutes*)**
- 4. Recognition – Citizens Academy Participants.**
- 5. Committee of the Whole Minutes from October 21, 2014. (Recommend that the reading of the minutes of the Committee of the Whole Proceedings of October 21, 2014 be dispensed with and the minutes approved as printed.) (*5 minutes*)**
- 6. Items to be Presented:**
 - A. Bloomington Communication Center Operations Report. Presentation by Mike Leaf, MLJ, Inc. (*Time: 60 minutes - Presentation 30 minutes, Question & Answer 30 minutes*)**
 - B. User Fees, Liquor License and Video Gaming Terminal Fees. (*Time 45 minutes – Presentation by David Hales, City Manager 15 minutes, Discussion 30 minutes*)**
- 7. Adjourn**

COMMITTEE OF THE WHOLE
City Hall Council Chambers
October 20, 2014

Council present: Aldermen Judy Stearns, Mboka Mwilambwe, Joni Painter, Jim Fruin, Diana Hauman, Kevin Lower, Scott Black, Karen Schmidt and David Sage, and Mayor Tari Renner.

Staff present: David Hales, City Manager and Tracey Covert, City Clerk.

Mayor Renner called the Committee of the Whole meeting to order at 5:31 p.m.

PUBLIC COMMENT

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

Alton Franklin, 508 Patterson Dr., addressed the Council. He expressed his appreciation for the information that had been provided regarding City revenues and expenditures. He noted that revenues had increased by \$7 – 8 million while expenditures were twice this amount. There appeared to be a vicious cycle. The Council talked but there was no action. He expressed his support for Priority Based Budgeting, (PBB). The Mayor and Council needed to listen as they did not hear. He cited the referendum on the US Cellular Coliseum as an example. He addressed the proposed Downtown hotel which was estimated to have a \$17 million shortfall. Citizens hear and watch the Council. Nothing has happened and he wanted to see change.

Glen Ludwig, 23 Astoria Way, addressed the Council. He thanked them for the opportunity and he was speaking for himself. PBB was also on the August 18, 2014 Committee of the Whole Meeting Agenda. He viewed this as a good and positive thing. He was excited about same. He expressed his support for and recommended that the City start with revenues and then match revenues to expenditures. This would be a challenge. He encouraged buy in as it would be good for the City. He believed that David Hales, City Manager, had surrounded himself with qualified staff. The budget process would be easier. He encouraged the Council to do PBB. It was reality regarding spending money. He encouraged the Council to bring on PBB and take a leadership role.

Bruce Meeks, 1402 Wright, addressed the Council. He cited the phrase “off your meds” which he did not take casually. He cited the City’s past involvement in the Not In Our Town program. Elected officials had used this phrase to discredit individuals. Elected officials needed to be respectful and not talk down to citizens. Elected officials should not laugh at mental illness. Citizens had been mocked for tactical/political reasons. The Council needed to stand up for citizens. He cited the inability to recall elected officials. He cited also his proposed open data ordinance.

MINUTES

Motion by Alderman Painter, seconded by Alderman Lower that the reading of the minutes of the Committee of the Whole of August 18, 2014 be dispensed with and the minutes approved as printed.

Motion carried, (viva voce).

PROPERTY, CASUALTY AND LIABILITY INSURANCE AND WORKERS COMPENSATION INSURANCE ANNUAL ACCOUNTABILITY REPORTS

Mayor Renner introduced the topic.

David Hales, City Manager, addressed the Council. The City entered into an agreement with Nugent Consulting Group in 2009. The City was self-insured and purchased reinsurance. The Annual Accountability Reports addressed costs, claims and trends. He expressed his appreciation to Mike Nugent. He noted that the Nugent Consulting Group had a number of municipal clients.

Mike Nugent, Nugent Consulting Group, addressed the Council. He started his presentation by addressing Property/Liability Program Results. He noted that claim frequency had increased significantly, (see Table 2) in 2014 but overall cost decreased significantly, (see Table 14). There was a fifty percent (50%) increase in the number of claims and a thirty-five percent (35%) decline in cost. He cited the winter 2014 which may have had an impact upon frequency. Tables 3 – 6 addressed claim frequency by coverage, (General Liability, Property, Law Enforcement and E & O). General Liability had the largest increase. Tables 9 – 13 addressed claim severity by coverage, (General Liability, Auto Liability, Law Enforcement, Property, and E & O). These tables included the cost. The total cost for General Liability in Fiscal Year (FY) 2014 was \$94,285, (decrease of \$54,359 over the previous fiscal year). Auto Liability was up due to a significant claim, FY 2014 was \$225,056 (increase of \$124,900 over the previous fiscal year).

Mr. Nugent addressed Workers Compensation.

Alderman Fruin questioned Table 5 Workers Compensation Claims - Public Works Department. He noted comparisons by year. This department was labor intensive. He questioned safety education. He expressed his opinion that there was value to new, creative safety education.

Mayor Renner noted that five (5) years of data had been provided.

Mr. Nugent stated that most departments saw a volume increase during the winter 2014. He cited winter weather and Workers Compensation concerns. The City's losses were low compared to its size. He referred the Council to Table 1 Workers Compensation Claim Frequency – City Wide. Claim volume was down at a time when most municipalities saw an increase. Tables 2 – 7 addressed Workers Compensation Claims Frequency by departments, (Fire, Parks, Recreation & Cultural Arts, Police, Public Works, Water, and all other departments). Table 8 Workers Compensation Claim Severity – City Wide addressed costs.

Total cost for FY 2014 was \$1,359,084, (decrease of \$659,839 over the previous fiscal year). He described FY 2014 as an average year. He had expected to see a loss. Table 9 Workers Compensation Claim Severity – Fire Department showed that the total cost in FY 2014 was \$672,284. This was an improvement over the previous fiscal year (decrease of \$641,443). He also addressed Table 11 Workers Compensation Claim Severity – Police Department showed that the total cost in FY 2014 was \$338,928. This was an increase over the previous fiscal year (increase of \$138,637). These numbers were in line with or under projections. The results were good.

Mayor Renner noted that Public Works was down slightly over the previous fiscal year, (decrease of \$46,695). He added that this department had seen a decline each year for the past five (5) years.

Mr. Nugent noted that the City has struggled with finding a Safety Coordinator. The search continued for an outside resource. He restated that the Workers Compensation data looked good. He cited the impact of the Nurse Triage program which had had a significant impact. He added that retraining City staff would be beneficial.

Table 15 and 16 addressed Workers Compensation Top Ten Frequency Analysis. These figures were gleaned from loss data. One table addressed accident/injury and other addressed costs. Strains were the nature of municipal business. Lower back was the leader by body part both in volume and dollar cost.

Table 19 Workers Compensation Summary by Department listed cost by department over a five (5) year period. He restated that the numbers for the past year were good. This table addressed payments and reserves. The goal was to have a claim reported the same day. Table 20 Workers Compensation Lag Time Average by Department documented same. Under three (3) days was seen as a win win when looking at cost and outcome. He believed that all of the data presented was accurate.

Mr. Hales cited the Council annual work session with state legislators. Workers Compensation reform had recently been passed. He questioned the impact of same and if anything had been accomplished.

Mr. Nugent responded negatively. There had been no real reform. There had been a reduction in the fee schedule. Illinois was the second most expensive state prior to and after the reform. The gap needed to be narrowed. The City was in a difficult business, (i.e. Police, Fire and Public Works), emergency response. He cited PEDA, (Public Employers Disability Act), and PSEBA, (Public Safety Employees Benefits Act), benefits which were meant for catastrophic events but was being applied to all claims.

COMMUNITY DEVELOPMENT BLOCK GRANT, (CDBG): PROPOSED PILOT PROGRAM FOR MOBILE HOME REHABILITATION

Mayor Renner introduced this topic.

David Hales, City Manager, addressed the Council. This pilot program would be added to the current fiscal year. The hope was to adopt this program into future fiscal years. He noted that Sharon Walker, Community Development Program Manager, would be retiring from the City soon. He cited her outstanding performance.

Sharon Walker, Code Enforcement Division Manager, addressed the Council. She planned to present the pilot program's highlights. Construction Charities of North America, (CC), a newly formed non-profit, would be funded with carryover dollars. The focus would be on rehabilitating mobile homes. HUD, (Housing and Urban Development), had recently changed its regulations and mobile homes were eligible. She cited the need in the mobile home parks that were located in the City. Residents of mobile homes would be eligible if they qualified under the low to moderate income guidelines. This new proposal was developed after CC approached the City. She noted that Jim Snyder, CC's representative, was present at this evening's meeting.

Alderman Painter thanked Ms. Walker for the presentation. She expressed her support for private/public partnerships. This was an important project.

Alderman Stearns questioned the dollars available for rehabilitation projects. She believed that there should be a 50/50 split between homes and mobile homes.

Ms. Walker stated that funding for the pilot program would be \$75,000. She believed that one third of properties were owner occupied.

Alderman Stearns noted that City staff had worked with National Development Council, (NDC). Ms. Walker stated that this program was an innovative approach. Alderman Stearns believed that the City had entered into a contract with the NDC.

Mayor Renner stated that the NDC vetted companies but was not involved in housing.

Alderman Stearns had visited the NDC's web site. She cited its mission statement, (*created in 1969 generate investment in underserved urban and rural communities across US . . . work to improve distressed communities and lives of local people*).

Mr. Hales acknowledged that the NDC explored public/private partnerships. Its national exposure provided access to new innovative and creative ways of doing business.

Alderman Stearns questioned if NDC offered mobile home consultation. Ms. Walker noted that NDC offered CDBG training.

Alderman Stearns requested an update regarding what NDC did for the City. The issue was accountability. She specifically requested a list of activities.

Alderman Mwilambwe noted that this appeared to be an interesting project. It would address an unmet need. As a pilot program, he questioned benchmarks for success in order to determine if it would be worthwhile to continue the program.

Ms. Walker believed that the best measure of success would be the number of people who were assisted. In the past, CDBG funds could not be used to serve this need. There were 2,000 mobile homes in the City or five percent (5%) of the housing stock. This smaller demographic included low to moderate income homes. She noted that in the last five (5) years, Community Development had provided an estimated 900 single family home loans.

Alderman Sage thanked Ms. Walker for the presentation. He echoed Alderman Painter's comments. He also supported public/private partnerships. He cited a reference to a process to determine which projects would be funded. He also addressed transparency. He cited the review and selection process and providing a line of sight. He believed that there would be an application form. Individuals would file an application with CC. CC's board would make the selection based upon need and individuals must meet HUD's guidelines to be eligible. He questioned who would be CC's contact at the City. Ms. Walker stated Community Development staff. The City was in the process of hiring her replacement.

Jim Snyder, CC's representative, addressed the Council. The CC Board would determine who would receive services after the applications were reviewed. There would be a background and credit check. The application had a point system. After all of the information is provided to the Board, selection would be made by the Board.

Alderman Sage questioned reporting back to the City. There should be a line of sight which included the criteria, how applications were selected and program effectiveness.

Mr. Snyder stated CC's intention to provide a list of projects to the City.

Alderman Sage noted that CC's administrative fee would be twenty percent (20%) of the \$75,000. These dollars were intended to provide assistance to low to moderate income individuals. He questioned CC's indirect costs. He believed that a twenty percent (20%) administrative fee was high and requested that Mr. Snyder justify same.

Mr. Snyder stated that HUD allows this percentage. CC may not receive this amount. CC's goal was cost recovery. Efforts would be made to keep costs low. These dollars would be used to rehab mobile homes.

Alderman Lower questioned the big picture. He compared a single family home to a mobile home. He cited the benefit of these dollars to the community as a whole. Single family homes appreciated in value.

Ms. Walker stated that mobile home parks pay real estate taxes. In addition, the mobile homes were taxed. The individuals resided in the City. They worked and spent their money here. They needed assistance.

Alderman Lower stated that the difference between a single family home and a mobile home was property taxes. He did not see tax appreciation from this pilot program.

Ms. Walker addressed the valuation of homes in the City. Twenty-two percent (22%) were valued at less than \$100,000. Forty-five percent (45%) were valued at less than \$150,000. The issue was affordable housing. She noted the number of housing rehab loans provided for with CDBG funds. She believed that the City would see the impact from this program in a year or two.

Alderman Fruin cited a map provided which showed the location of the mobile home parks by ward. He recognized the need and supported allocating these funds. The review process had been addressed. There were funds available. He also noted that this would be a public/private partnership. He questioned if there was a role for the mobile home park owners.

Ms. Walker informed the Council that CDBG funds could not be used for infrastructure. She was not aware of a funding source for same.

Alderman Fruin believed that the City should challenge the mobile home park owners. Public/private partnerships were good for the City.

Alderman Hauman addressed success measures. She cited the twenty percent, (20%), administrative fee. She questioned CC's business model.

Mr. Snyder informed the Council that CC was a new 501 3 c. This would be CC's first venture. There was not a formal business model. He restated that the administrative fee selected was the one allowed by HUD. Administrative costs included staff time, fuel, etc.

Alderman Black believed that the Council's discussion had only led to more questions. He was not familiar with the mobile home market. Ms. Walker noted that a mobile home had to be secured. Accessory structures such as decks can be added.

Alderman Black questioned how many mobile homes were relocated in a given year. He also questioned a typical current need. Ms. Walker cited frozen pipes, furnace repair/replacement, water heater repair/replacement, roofing, windows, etc.

Alderman Black questioned typical costs. Mr. Snyder noted this would be dependent upon the project's construction needs. Alderman Black questioned the impact on a project if other issues were found. Mr. Snyder stated that the services approved would be addressed first. CC would next research if additional funds were available. If not, CC might reach out to the City for additional funding.

Alderman Black questioned the funding mechanism. Ms. Walker stated that at this time it would be a \$75,000 grant to provide rehabilitation services to mobile homes.

Alderman Black cited the mobility issue. He questioned if there could be a requirement to remain in the City for a set time frame. Ms. Walker noted that this had been discussed.

Alderman Black also believed that the administrative costs would be lower than twenty percent (20%). Mr. Snyder restated that the purpose of these dollars was to fund projects.

Alderman Black addressed the application process and questioned if there would be an appeal process. Mr. Snyder noted that there would not be an appeal process. The dollars would be directed to those applications with the highest need. Individuals could reapply at a later date.

Alderman Stearns address transparency. She requested the following information: who accepted the grant funds, the criteria used and the cost per project. Mr. Snyder expressed CC's willingness to show the cost per project. No personal information would be released.

Alderman Stearns restated her request for a project listing with itemized amounts.

Mayor Renner believed that the City would receive expenditure information. Alderman Stearns restated her interest was in itemized costs. Mayor Renner noted that the applicant information was confidential. He understood the Council's interest in transparency.

Ms. Walker noted that there would an agreement with CC that included reporting and monitoring requirements.

Mr. Hales restated that this was a new proposed pilot project. City staff needed Council direction regarding if staff should continue putting time and effort into same.

Mayor Renner stated that there appeared to be some serious concerns, (i.e. transparency and business model). The Council was not saying no but it was not saying yes either.

Alderman Lower wanted feedback from the Board of Realtors. He addressed appraised value of mobile homes. Single family homes represented an appreciating asset.

Mayor Renner stated that there were other metrics, (i.e. broader social good).

Alderman Sage questioned total CDBG funds. Ms. Walker estimated \$1 million. Alderman Sage noted that \$75,000 was less than eight percent (8%) of the total. This was a pilot project. The Council needed to keep things in perspective.

Alderman Black expressed his support for this project but he needed more details.

Alderman Hauman stated that frozen pipes represented emergency work. Ms. Walker informed the Council that for single family homes there was an emergency application.

Alderman Fruin stated from City staff's presentation this was a pilot project which would be evaluated after a year. It would serve a population in need of assistance. The Council needed to move forward, the City would learn as it went.

FY 2015 COMMUNITY DEVELOPMENT BLOCK GRANT, (CDBG), PROGRAM UPDATE AND FY 2016 CDBG PROGRAM PROJECT IDEAS

Mayor Renner introduced this topic.

David Hales, City Manager, addressed the Council. His goal was for the Council to have the opportunity in the fall of each year to address CDBG budget ideas. The Council would be brought up to date on the current year and hear ideas for the next year. The Council could provide feedback regarding where these dollars should be spent.

Ms. Walker informed the Council that for FY 2016 CDBG budgets were due earlier (March/April). She addressed FY 2015 projects and year to date activity. She cited carryover income and the recent budget amendment. Community Development was on pace for the year both on projects and expenditures. She also addressed FY 2016 proposed projects. There had been little change. She noted that there would probably be a different approach due to new staff. FY 2016 would be a transition year. She noted the focus on emergency grants. Housing rehab was labor intensive. Construction Charities would act as a general contractor for the pilot project. She noted limitations posed by HUD, (Housing & Urban Development), regulations.

Mr. Hales cited a request from the Black Elks Club. He believed that there were higher priority uses for CDBG funds. He cited economic development projects, (i.e. grocery store). He also cited a west side residential TIF, (Tax Increment Financing), District.

Ms. Walker informed the Council that the City had been contacted by the Black Elks Club. They had lost their lease and were looking for a space. The Club would need to put some skin in the game. The Club had requested assistance with property acquisition and site improvement. The proposed \$40,000 was a budget place holder.

Alderman Stearns addressed FY 2015. She cited \$116,302 was budgeted for rehabilitation loans. She questioned the \$252,671 budget amendment. Ms. Walker cited carryover funds. She restated that the Council had approved a budget amendment.

Alderman Stearns questioned if applications had been approved for the rehab loans. Ms. Walker noted that there were twenty-seven (27) approved applications on the waiting list.

Alderman Stearns addressed FY 2016. She noted that only \$108,000 had been budgeted for rehabilitation loans. She added that \$100,000 had been budgeted for mobile home rehabilitation loans. If these dollars were for rehab loans she believed that they should be divided equally. She did not believe that \$100,000 budgeted for mobile home rehab loans reflected the low to moderate income population.

Alderman Stearns also addressed the Black Elks Club which was a nonprofit organization. She questioned opening up the process to any/all nonprofits in the City.

Ms. Walker noted that word of mouth was still the main source of advertising. Community Development utilized the City's web site and the Pantagraph. She cited Community Development's Annual Action Plan. Community Development worked with over twenty (20) local organizations.

Alderman Black provided some general thoughts. He encouraged Community Development to focus on aesthetics. He cited homeowner grants to address neighborhood appeal.

FY 2015 FISCAL OVERVIEW AND PROPERTY TAX LEVY

Mayor Renner introduced this item.

David Hales, City Manager, addressed the Council. This would be the first step to address the 2014 Property Tax Levy. City staff was interested in Council input. In addition, there would be a high level review of fiscal overview for major issues.

Patti-Lynn Silva, Finance Director, addressed the Council. She noted that the tax levy was outside of the budget cycle. The Council adopted a hybrid approach to the budget: revenue was increased by \$3.7 million and expenditures were reduced by \$2.6 million. She presented a review of FY 2015. She noted the Solid Waste fee. She stated the need for rate studies as there were a number of master plans underway.

Mr. Hales addressed the Solid Waste Fund. Ms. Silva cited the various cart sizes/prices. Lower cost carts had been selected. The Solid Waste fees were not addressing the deficit.

Ms. Silva noted that the 2015 budget included a five (5) year plan. She noted the structural deficit from a year ago. City staff assumed revenue growth of two percent (2%). The annual salary/benefit increase was \$2.5 million. A number of assumptions were made. There would be a deficit. One item not included in the five (5) year projection was street resurfacing which was budgeted at \$1 million not \$4 million.

There would be a ten (10) year Infrastructure Master Plan which would need annual funding. The City had needs that could not be funded. The total cost was over \$388 million. This figure excluded water. In addition, the Street and Bicycle Master Plans were not listed. This year there were a number of unknowns. She believed that there would be a small structural deficit. She addressed the long term vision. She readdressed the planned two percent (2%) growth to budget revenues. Trends were three to five percent (3 – 5%) below last year. Food & beverage taxes were down by two percent (2%). Hotel/motel taxes were down by thirteen percent (13%). Video gaming revenue was up by 100%. She reviewed various revenue lines. The local Motor Fuel Tax (MFT) for the month of August was \$200,000. Estimated annual revenue was \$1.4 million. The Amusement Tax for the first month was not robust. The City only had a month of data. She addressed expenditures and budget transfers which totaled over \$600,000. The Property Tax equal twenty-five percent (25%) of General Fund revenue. The estimated Property Tax Levy would be presented to the Council at the October 27, 2014 meeting. The goal was to have the Council adopt the Property Tax Ordinance at the November 24, 2014 meeting.

Alderman Stearns stated that the Council had been presented with a lot of information. It needed to be reduced for the citizens. City staff believed that the tax levy needed to be increased. The focus should be on the impact upon the taxpayer.

Ms. Silva stated that there would be no proposal at this evening's meeting. There had been some real estate growth. The City would be able to raise the tax levy without a tax increase.

Alderman Schmidt expressed her appreciation for the revenue listing. Ms. Silva noted that this information was summary and was contained in the City Manager's monthly report.

Alderman Fruin recalled an expenditure reduction chart from last spring. City staff had done a good job on same. The Council should reconsider same as unfinished business.

Mayor Renner expressed his interest in Council consensus that the City needed a workable budget.

Mr. Hales added that PBB would include citizen input.

Mayor Renner believed that PBB would provide clear direction. The City would have the numbers and good information. The Council's retreat had been delayed. A PBB discussion would be of assistance.

Alderman Lower expressed his interest in a discussion regarding budget reductions. It appeared that the proposed budget would be \$2.6 million more than the FY 2013 budget.

Ms. Silva cited reductions to the City Manager's proposed budget. Salary/benefits increased annually. In addition, the cost of doing business also increased. Needs had been eliminated from the budget. The Council needed to determine how to address recurring costs. The City's budget saw annual increases.

Alderman Lower believed that median income was declining. Mayor Renner expressed his willingness to look at same.

Alderman Black thanked Ms. Silva for the presentation. He questioned multiyear budgeting. Ms. Silva restated that the City budget included a five (5) year projected budget. City ordinances could be amended. Budget numbers were fluid. A number of revenues were elastic.

Mayor Renner addressed biannual budgeting which would require the City to change its fiscal year.

Carla Murillo, Budget Analyst, addressed the Council. She addressed the Property Tax Levy. There were three (3) components to property taxes: the dollars levied, the City's final EAV, (Equalized Assessed Value), and the tax rate. She noted that there were a number of overlapping taxing authorities/districts: 1.) school districts (District 87/Unit 5), 2.) City, 3.) Public Library, 4.) McLean County, 5.) Heartland Community College, 6.) Bloomington Normal Water Reclamation District, 7.) Bloomington Normal Airport Authority; and 8.) City Township. For every tax dollar paid by a property taxpayer only .13 was returned to the City. She also addressed the City's direct tax rate since 2005. 2009 was the only year that showed a significant increase. Allocation of the property tax was addressed. Fifty percent (50%) was allocated to Police and Fire Pensions. A proposed time line was presented for the 2014 Property Tax Levy and FY 2016 Proposed Budget. The proposed FY 2016 budget would be distributed to the Council on February 23, 2014. This would provide the Council with eight (8) weeks to review the budget. The Budget Work Session was tentatively scheduled for Saturday, March 8, 2015.

The FY 2016 budget would be placed on the Council's April 20, 2015 meeting agenda for adoption. An appendix was provided to the Council that addressed a variety of topics. The preliminary figures for EAV showed a two percent (2%) increase. These numbers were not final. The Board of Review appeal process was cited.

Mr. Hales directed the Council to the chart entitled Taxes Levied. He noted the impact of a tax levy increase upon the taxpayers. In 2014, there had been a tax decrease to homeowners. It appeared that the City could increase the tax levy by \$500,000 and with no impact upon homeowners.

Ms. Murillo cited the growth in EAV.

Alderman Mwilambwe questioned the April 20, 2015 date for budget adoption. He questioned if the time line could be moved forward. Ms. Murillo noted City staff's interest in allowing adequate review time.

Alderman Sage recognized City staff's efforts. He addressed line of sight and Unit 5's impact upon property tax bills. Mr. Hales acknowledged that City residents lived in both public school districts.

Alderman Sage addressed the property tax cycle. He noted that the Township Assessor was an elected office. He expressed his interest in a list which documented who was responsible for what functions with time line. Each taxing body should be identified. This would create a line of sight.

Alderman Stearns believed that the Township Assessor provided EAV information for both school districts. She expressed her opinion that EAV was subjective. She added that District 87's EAV had fallen while Unit 5's had increased. She expressed her interest in a good time line.

Alderman Black addressed the previous year's budget process. He encouraged the Council to look at property taxes. He expressed an interest in elimination of some of the recently adopted small taxes and increasing the property tax.

Mr. Hales noted that figures were based upon the average home, the current median value was \$153,000. The proposed tax levy was \$23.7 million which was a \$500,000 increase. These dollars would be directed to public safety, (i.e. Police and Fire Pensions). This would leave a \$400,000 short fall to fully fund Police and Fire Pension increases for FY 2016.

Ms. Silva noted that the Utility Tax increase would cover most of this cost. She estimated the shortage at \$350,000. City staff was searching for opportunities to fill the gap. The goal was to be cost neutral.

Mr. Hales encouraged the Council to give consideration to Police and Fire Pension funding. The City needed a dedicated revenue source. FY 2016 would be the third funding year. He welcomed the Council's input. The Council was required to adopt an estimated tax levy for

2014. He added that October was the halfway point of the City's fiscal year. City staff would prepare financial performance/projections.

Alderman Sage recommended that the estimated tax levy be set at \$23.7 million. He cited two (2) reasons to support same: 1.) the City's part of the property tax bill would remain neutral and 2.) the increase would be targeted towards Police and Fire Pensions.

PRIORITY BASED BUDGETING (PBB)

Mayor Renner introduced this topic and added that it would be addressed at the Council's retreat.

David Hales, City Manager, addressed the Council. He cited project description. He directed the Council to the proposed time line which he described as aggressive. He cited a number of planned events: mailings, surveys and focus groups. He had reached out to Lincoln, NE. It had taken this city a couple of years to start PBB. He expressed his interest in a meaningful process. PBB needed to be valuable. Programs/services needed to be established with cost data. There were a number of issues.

Mayor Renner hoped that PBB would clarify choices and assist the Council to reach a consensus.

Alderman Lower cited the importance of setting priorities. He had a number of questions, (i.e. who selected the citizens, citizen engagement, etc.).

Alderman Schmidt expressed her concern regarding a day long focus group. She wanted this group to represent a cross section of the community. Feedback must go beyond on line responses.

Mayor Renner believed that there would be multiple inputs. There would be decisions made by the Council.

Alderman Stearns concurred with Alderman Schmidt's comments. Everyone was not on line. She questioned who would participate in a day long focus group. She noted that opinions would be sought regarding finances/taxes. She expressed her support for a mail survey. She expressed her concern regarding how to insure that a cross section of the City participated in the process. She restated her concern with the process. She questioned citizen engagement with a consultant.

Mayor Renner noted that at this time there would be no fee. This was part of a university graduate program.

Mr. Hales noted that the City would cover the expenses.

Alderman Sage believed that there would be a three (3) pronged process: 1.) mail survey; 2.) on line survey and 3.) focus group. Last year's process was painful. The City would try to leverage PBB. He questioned if there were other alternatives. He encouraged the Council to move forward with PBB.

Alderman Lower encouraged the City to engage others. He questioned Council involvement.

Alderman Black stated his first reaction to PBB was this was a good idea. Citizens wanted tax cuts and service increases. A day long focus group would be a large commitment. The Council needed to engage the public with focused discussion.

Alderman Schmidt believed that PBB was a wonderful idea. It would give citizens a voice. She recalled the town hall meetings held last year during the budget process. PBB needed to be refined to work for the community.

Mayor Renner believed that PBB could be refined. The City would try to gain more input. Focus groups could be qualitative. State Representative Dan Brady recommended Bernie Sieracki/ITT to him.

LIBRARY JOINT TASK FORCE

Mayor Renner introduced this item. He had formed a Library Task Force to perform a needs analysis. He noted the service increase and expressed his opinion that there were needs at the Library.

In the past, the Library had been informed that it would not be allowed to expand to the south. He cited the cost for an east side branch. This Task Force would develop a plan to guide future development of the Library at its current location.

He informed the Council that he had selected Aldermen Schmidt and Painter to serve as the Council's representatives, (Alderman Schmidt was a librarian and Alderman Painter had served on the Library Board). The Library Board chose its representatives.

He restated that there were needs and budgetary constraints. The Task Force would complete its work by July 31, 2015. The Task Force would prepare recommendations/options.

Alderman Schmidt questioned management of the Task Force, (i.e. Open Meetings Act/OMA – agendas and minutes).

Mayor Renner noted that the Library Task Force would comply with the OMA. The Task Force would meet at City Hall. He recommended that the Council Chambers be used if available, (ability to stream the meetings). He believed that City Hall offered better public access than the Public Library. Emily Kelahan would coordinate the first meeting. Ms. Kelahan would work with Beth Oakley, Executive Asst. At the Task Force's first meeting, a chair would be selected and the work of the Task Force to be conducted would be discussed.

Alderman Schmidt believed that the Public Library's staff needed to be engaged with the Task Force.

Mayor Renner expressed his opinion that Public Library staff should be present and involved. The Task Force had the challenge of looking at the future needs of the Public Library.

The meeting adjourned. Time: 7:52 p.m.

Respectfully submitted,

Tracey Covert
City Clerk



Bloomington, Illinois Communication Center Operations

August, 2014
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1.0 Introduction

This report comprises a preliminary review of the existing emergency communications operations at the City of Bloomington public safety communication center referred to as "Bloomington". The purpose of this preliminary review effort was to determine if a more extensive evaluation is warranted to explore the possible reintegration of Bloomington into the existing McLean County communications center known as "MetCom".

This preliminary report summarizes meetings with the Bloomington Police and Fire Chiefs, City Manager, the Bloomington communication center Manager, MetCom's communication center Executive Director, (Tony Cannon) and the Illinois Commerce Commission 9-1-1 coordinator (also referred to as "ICC"). These meetings were of a historical and fact finding nature to determine the reasons for the separation of City of Bloomington from the McLean County consolidated center. The goal of this effort was to form a recommendation for Bloomington to either pursue a more detailed evaluation of the possible reintegration into MetCom or continue as a standalone center.

This report also offers observations on a number of governance and operations issues that were identified during these meetings as well as the cause of the separation of the City of Bloomington from the McLean County communication center. The governance, operations, and technology as it stands today were examined at Bloomington as well as a basic overview of the level of service provided to the Bloomington citizenry. An inquiry of the availability, intended use, and distribution of ESTB funds used to support the separate communication centers was made at the meeting with the Illinois Commerce Commission 9-1-1 coordinator.

The objectives of this preliminary review are:

- A desire to determine if Bloomington should continue to operate its own communication center or attempt to consolidate with MetCom;
- Review with the Illinois Commerce Commission 9-1-1 office:
 - The sharing of 9-1-1 ETSB surcharge money controlled by the ETSB
 - The role/authority of the ICC to force sharing of surcharge funds
 - The view of the ICC regarding the operation of McLean County as a consolidated center vs the current configuration of the two separate centers; and
- Identify methods to maintain and improve services and technologies in the event that consolidation is not in the best interest of the City.

MLJ, Inc. was engaged to collect some baseline information about the City of Bloomington communication center and meet with the MetCom communication Executive Director and discuss the potential issues of consolidating Bloomington into MetCom again.

2.0 Individual PSAP Overviews

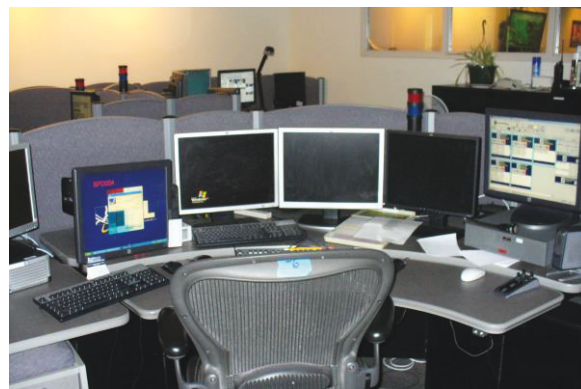
2.1 Bloomington Communication Center

2.1.1 Facility

One of the most significant long-term investments communities make in public safety/security is the facilities that support the enterprise. With increasing focus on homeland security critical infrastructure protection, local emergency communications and operations facilities are increasingly being planned and designed with high-availability, force-protection and industry standards in mind. This shifting focus requires increased attention to site selection, building design, diverse connectivity for building power, and redundant systems to ensure these facilities have zero down time.

The Bloomington facility is a modern well designed communication center that supports the communication needs of the City Police, Fire and EMS. The Bloomington communication center has an excellent operational relationship with the McLean County MetCom center and can act as a back up to MetCom very easily. Additionally, Bloomington has space available to allow MetCom personnel to operate from the Bloomington location as a backup facility and still support Bloomington's four (4) personnel with minimal impact.

Bloomington Communication Center



2.1.2 Bloomington Technology and Call Volumes

The Bloomington communication center utilizes New World Computer Aided Dispatch (CAD) and for Records Management Bloomington utilizes the County wide E-Justice RMS system. The New World CAD system is one of the best public safety computer systems available. They also have an Automatic Vehicle Location, (AVL) system with the New World system. The selection of the New World systems was a very good investment by Bloomington, in that not only are they one of the best systems they also have been in the CAD business for several years with hundreds of installations throughout the United States. This allows the company to continually grow the system with the input from the New World users group that assists New World in growing the product logically by meeting the needs of their end users.

Bloomington has transitioned to the State of Illinois StarCom Radio Network 800Mhz radio system which vastly improves the interoperability of emergency communications, not only with McLean County and MetCom, but throughout the State of Illinois as well.

In March of this year the ETSB has approved a proposal by Frontier Communications to provide a new NG9-1-1 system. The equipment being provided to the City of Bloomington is the latest generation of NG9-1-1, from Cassidian Communications, the VESTA/Sentinel 4 system. The equipment specifically being supplied to Bloomington by the ETSB is valued at \$320,000.00.

The VESTA/Sentinel 4 system for NG9-1-1 call taking combines Session Initiation Protocol (SIP) call handling with advanced Cassidian Communications call control technologies to support the emergency and administrative call taking needs of PSAPs with up to 250 positions. It also includes standard telephony features, e.g., Automatic Call Distribution (ACD), one-button transfer and dynamic conferencing. Plus its flexible, open architecture often eliminates the need for a traditional PBX, reducing call center costs and easily accommodating single and multi-site (geodiverse) deployments.

One of the key components needed to support the technology today is a well-designed equipment room that has adequate cooling, “clean” or UPS power and emergency generator with proper grounding. The Bloomington equipment room meets those needs and has room for some additional equipment. The importance of this area cannot be understated. The computer equipment is extremely sensitive to heat and power surges or outages. The lack of adequate cooling and power can potentially cause the CAD/RMS, 9-1-1, and radio systems to become inoperable and may require components to be replaced.

Bloomington Equipment Room



Bloomington Call Center Volumes for 2013

Bloomington 2013 Phone Calls	Wireline 9-1-1	Wireless 9-1-1	Total 911	Non-Emergency	Total Calls
Jan-13	414	1683	2097	7423	9520
Feb-13	354	1429	1783	6535	8318
Mar-13	364	1560	1924	7106	9030
Apr-13	383	1716	2099	7698	9797
May-13	410	1917	2327	7993	10320
Jun-13	456	1968	2424	7978	10402
Jul-13	484	2101	2585	7898	10483
Aug-13	437	1953	2390	8021	10411
Sep-13	386	1833	2219	7202	9421
Oct-13	390	1685	2075	7202	9277
Nov-13	351	1592	1943	6663	8606
Dec-13	380	1580	1960	6212	8172
Total	4809	21017	25826	87931	113757

MetCom Call Center Activity 2013

MetCom 2013 Phone Calls	Wireline	Wireless	Total 911	Non- Emergency	All Calls
Jan-13	484	3719	4203	4996	9199
Feb-13	387	3506	3893	4674	8567
Mar-13	401	4211	4612	5334	9946
Apr-13	389	3954	4343	5365	9708
May-13	401	4552	4953	5523	10476
Jun-13	407	4374	4781	5165	9946
Jul-13	2296*	4615	4615	5563	10178
Aug-13	404	4693	5097	5889	10986
Sep-13	378	4499	4877	5298	10175
Oct-13	378	4275	4653	5423	10076
Nov-13	378	4030	4408	5264	9672
Dec-13	353	3940	4293	4616	8909
Total	4360	50368	54728	63110	117838

Note: *July had phone issues 9-1-1 lines rang every few seconds for five (5) hours

We have broken the call activity information provided to us by MetCom for 2013 and compared the MetCom call volumes to the Bloomington communication center. The initial review of the data provided would indicate that both center experience very similar call volumes. While this was expected to some extent, what is not evident in these graphs is the number of both wired and wireless calls received by MetCom and then transferred to Bloomington for dispatch.

Bloomington / MetCom Call Center Comparison of Activity 2013

Bloomington 9-1-1 & Phone Calls	9-1-1 Wire & Wireless	Non-Emergency Calls	Total Calls
Year 2013	25826	87931	113757
MetCom 9-1-1 & Phone Calls	9-1-1 Wire & Wireless	Non-Emergency Calls	Totals
Year 2013	54728	63110	117838

2.2 MetCom Facility

As indicated, one of the most significant long-term investments communities make in public safety/security is the facilities that support the enterprise. The MetCom facility is located adjacent to the airport, in a standalone building with limited space. MetCom appears to have reached the maximum physical space available for growth in this facility. If Bloomington were to re-consolidate with MetCom the additional personnel and installation of the associated workstations would require the existing building to be significantly changed and/or enlarged.

The MetCom communication center that currently supports the communication requirements of the Sheriff's Department, Normal, and multiple Volunteer and paid rural Fire, Police and EMS Agencies. MetCom confirmed that on a day to day basis they have an excellent operational relationship with the Bloomington center and acts as a backup and can assume 9-1-1 call roll overs from Bloomington.

2.2.1 MetCom Technology

MetCom uses a Computer Aided Dispatch system to support their emergency responding agencies similar to that of Bloomington. In our meeting with MetCom we discussed the AVL system currently in use by the City of Bloomington and we discussed the possibility that it would be in the best interest of City and MetCom to utilize the same AVL system and share resources and costs. The initial response from the Executive Director was concern for the cost to create an interface between MetCom CAD system and the City's CAD systems and AVL system. Again, we did not pursue the discussion at this time beyond the suggestions. I do believe that it would be less expensive to have an interface developed that would allow the sharing of resources as opposed to a separate standalone AVL system that will not allow the sharing of resources.

MetCom is also on the State of Illinois StarCom Radio Network radio system so the interoperability of radio communication between MetCom and Bloomington exists.

MetCom has the same 9-1-1 system as Bloomington and is funded by the ETSB surcharge money as is all of the MetCom equipment, such as TriTech CAD, radio, furniture logging and recording etc. The 9-1-1 funding legislation would allow the ETSB to fund the Bloomington equipment as well, if the ETSB wished to do so. This issue was discussed at length with the Illinois Commerce Commission and ESTB funding is a major concern for the Bloomington communication center.

MetCom Communication Center



As the photos of the MetCom center show, MetCom does not have adequate space to accommodate the number of personnel that would be required to support the current staff levels of the Bloomington communication center. Furthermore, MetCom has indicated that they could only dedicate one (1) telecommunicator to the City of Bloomington. Any additional resource required to support Bloomington would be distributed among the other telecommunicators in the MetCom center.

3.0 Emergency Telephone System Board (ETSB)

3.1 McLean County ETSB Funding

McLean County held and passed a countywide referendum in 1990 to fund an enhanced 9-1-1 telephone system for the county. The funding legislation allows the County and communities within the state to assess a surcharge to the phone bill to support the costs 9-1-1 emergency phone systems. At the time this referendum took place, the City of Bloomington did not wish to pursue a referendum and participated in the McLean County effort. The end result of that was that the County formed MetCom and Bloomington was part of MetCom until 2006.

While the report is open to speculation on how and where the funds are being expended, it does demonstrate that the ETSB receives a considerable amount of funding via the 9-1-1 surcharge. The City of Bloomington is the largest community within McLean County and logically is the largest provider of funding to the ETSB. In this report specific data on the exact number of access/wire lines to which the \$1.25 surcharge is applicable is not available; with additional research a more exact number would be developed. Below I have inserted a copy of budget report for 2013 and 2014:

ETSB 2013 Final Budget

ETSB Budget Report			
Frontier Surcharge	\$524,000	\$509,131	-3%
Misc. Surcharge	\$29,000	\$34,309	18%
Gridley Surcharge	\$15,000	\$14,622	-3%
El Paso Surcharge	\$950	\$928	-2%
Madison River Surcharge	\$6,500	\$5,180	-20%
Ameritech Surcharge	\$1,000	\$1,143	14%
Citizen's Surcharge	\$19,700	\$7,982	-59%
Mediacom Surcharge	\$19,600	\$18,517	-6%
Vontage Surcharge	\$27,000	\$27,000	0%
Wireless Surcharge	\$1,100,000	\$1,186,207	8%
Comcast Surcharge	\$145,000	\$139,000	-4%
Interest	\$10,000	\$5,365	-46%
Transfer from Fund Balance	\$0	\$232,913	100%
Total Revenues	\$1,897,750	\$2,182,297	15%

MetCom Communication Center Funding

MetCom Year to Date (May 2014) Funding			
Description	Budget	Transactions	%
STARCOM User Fee	\$56,942.00	\$59,250.00	104%
ETSB	\$1,093,728.00	\$546,864.00	50%
Normal	\$852,234.00	\$426,117.00	50%
Interest On Investments	\$667.00	\$35.79	5%
McLean Co	\$765,114.00	\$382,557.00	50%
Telephone Reimb - Employee	\$0.00	\$150.00	+++
REVENUE TOTALS	\$2,768,685.00	\$1,414,973.79	51%

Normal, McLean County and the McLean County ETSB are the primary funding source for Met Com. The annually cost of that contribution is determined by population. All other agencies dispatched by MetCom are not required to contribute or financial support the operation of MetCom. At some point the ETSB may wish to explore a different method of financial support of MetCom, such as a cost per dispatched call or incident. It is somewhat unusual to find that funding is only required by some of the McLean County residence and not all. The cost of MetCom' operations should be shared by ALL agencies and communities being served. At the time of Bloomington last full year of participation in the MetCom system, I have been advised that the City of Bloomington paid MetCom approximately \$700,000.00 in addition to the 9-1-1 surcharge collected from City residence. It is estimated that should Bloomington re-join MetCom it is anticipated that the Bloomington would be required to contribute between \$800,000.00 and \$1,000,000.00, annually. However, the exact annual cost would need to be negotiated with MetCom.

MetCom Communication Center 2014 Budget Breakdown

Employee Costs	Budget	Trans to Date	
FULL-TIME EMPLOYEES SAL.	\$1,449,058.00	\$574,130.46	40%
PART-TIME EMPLOYEES SAL.	\$0.00	\$7,706.57	+++
OVERTIME PAY	\$90,000.00	\$99,176.04	110%
TOPS PAYMENT	\$26,000.00	\$1,391.47	5%
PERFORMANCE INCENTIVE PAY	\$3,654.00	\$0.00	0%
COUNTYS IMRF CONTRIBUTION	\$216,231.00	\$79,274.19	37%
EMPLOYEE MEDICAL/LIFE INS	\$174,614.00	\$87,307.00	50%
SOCIAL SECURITY CONTRIB.	\$120,390.00	\$44,671.83	37%
Salary & Fringe Totals	\$511,235.00	\$219,100.34	43%

MetCom Communication Center 2014 Budget Breakdown Cont'd

Miscellaneous Supplies	Budget	Trans to Date	
CLOTHING/EMPLOYEES	\$1,000.00	\$391.99	39%
FOOD	\$400.00	\$0.00	0%
GASOLINE/OIL/DIESEL FUEL	\$2,800.00	\$1,049.71	37%
BOOKS/VIDEOS/PUBLICATIONS	\$4,730.00	\$3,230.00	68%
EDUCATION MATERIALS/SUP.	\$900.00	\$0.00	0%
OPERATING/OFFICE SUPPLIES	\$7,000.00	\$2,786.64	40%
NON-MAJOR EQUIPMENT	\$6,980.00	\$4,851.91	70%
EMPLOYEE SERVICE AWARDS	\$500.00	\$308.96	62%
COMPUTERS UNDER \$1,000	\$0.00	\$0.00	+++
PAPER SUPPLIES	\$50.00	\$76.25	153%
CLEANING SUPPLIES	\$300.00	\$186.00	62%
BLDG/GROUNDS/EQUIP.SUPPLY	\$0.00	\$0.00	+++
PHOTO SUPPLIES/FILM PROC.	\$0.00	\$0.00	+++
COPYING EXPENSES	\$1,300.00	\$724.17	56%
LETTERHEAD/PRINTED FORMS	\$500.00	\$0.00	0%
POSTAGE	\$300.00	\$0.00	0%
Supplies Totals	\$26,760.00	\$13,605.63	51%
Services Purchased	Budget	Trans to Date	
ADVERTISING/LEGAL NOTICES	\$1,000.00	\$0.00	0%
CONTRACT SERVICES	\$15,822.00	\$330.71	2%
DUES AND MEMBERSHIPS	\$3,900.00	\$122.00	3%
SCHOOLING & CONFERENCES	\$10,900.00	-\$50.98	0%
GEN. LIABILITY INSURANCE	\$29,000.00	\$25,943.20	89%
INVESTIGATION EXPENSE	\$800.00	\$0.00	0%
VEHICLE MAINT. REPAIR	\$1,000.00	\$547.14	55%
RADIO/COMMUN.EQUIP.MAINT.	\$255,060.00	\$214,005.88	84%
MAINT.BLDGS/GROUNDS/EQUIP	\$2,500.00	\$3,574.91	143%
EQUIPMENT MAINT. CONTRACT	\$2,000.00	\$144.00	7%
COMPUTER REPAIR/PARTS/SER	\$4,000.00	\$0.00	0%
SOFTWARE LICENSE AGREE	\$122,764.00	\$87,536.65	71%
EMPLOYEES MEDICAL EXPENSE	\$400.00	\$390.00	98%
NON-CONTRACTUAL SERVICES	\$98,000.00	\$24,393.21	25%
DATA PROCESSING USER FEE	\$3,000.00	\$0.00	0%
ADMINISTRATIVE SURCHARGE	\$42,241.00	\$0.00	0%
EQUIPMENT RENTAL	\$6,500.00	\$1,616.00	25%
TRAVEL EXPENSE	\$0.00	\$16.30	+++
ELECTRIC SERVICE	\$9,200.00	\$2,581.17	28%
GAS SERVICE	\$0.00	\$574.47	+++
TELEPHONE SERVICE	\$53,891.00	\$15,004.20	28%
Services Totals	\$661,978.00	\$376,728.86	57%
PURCHASE/COMPUTER EQUIP.	\$0.00	\$1,960.00	+++
Capital Assets Totals	\$0.00	\$1,960.00	+++
EXPENSE TOTALS	\$2,768,685.00	\$1,285,952.05	46%

In January 2006 when Bloomington went live with a standalone communication center serving the City of Bloomington. As part of the establishment of the Bloomington center, the City was required to continue funding MetCom at a reduced level for an additional three (3) years and in addition:

- The City agreed to serve as a backup center to MetCom;
- The City agreed to purchase all necessary materials, communications and computer equipment, software, consoles etc. to meet communication center requirements; and
- The City agreed that they would not seek any funding for the City's enhanced 9-1-1 dispatch center before January 1, 2009- December 31, 2009.

While there are other minor provisions in this agreement, the primary issue at this time is that Bloomington built a state of the art communication center and provided MetCom an additional \$340,893.00, over three (3) years in addition to the \$1.25, per month, collected from every wireline within the City of Bloomington. When the City attempted to receive some of the funding collected from the surcharge, per the intergovernmental agreement reached in the negotiated agreement with the ETSB in 2006, those requests have been continually denied by the ETSB.

4.0 Illinois Commerce Commission 9-1-1 Coordinators Office

A meeting with Illinois Commerce Commission 9-1-1 coordinator was held in Springfield with representatives from Bloomington. The goal of the meeting was to discuss with the Commission what alternatives, if any, the City has in obtaining some of the 9-1-1 surcharge funds collected in McLean County for the ETSB. The following questions were asked of the coordinator:

- Would it be possible for Bloomington to force the ETSB to turn over the portion of ETSB funding derived from the residence of the City?
 - The coordinator advised that would not be possible because the ETSB is authorized to disperse funds as they wish.
- Could Bloomington hold their own referendum for a surcharge to fund their own ETSB?
 - The coordinator advised us that under the current funding legislation, they could not. However, Bloomington could exercise other methods to fund their system.
- How is the makeup of the ETSB board determined?
 - The board must be consist of a representative of each emergency service discipline, a member at large with a minimum of five (5) members. However, the McLean County board makes the appointments to the ETSB and can control both who and how many members are on the board.

In addition the coordinator advised that the current arrangement within McLean County with Bloomington and MetCom acting as back up centers for each other is much better than the prior back up scenario for an emergency backup center. McLean County and the Counties that surround McLean lack an adequate backup center. The commission would like the current configuration of Bloomington and MetCom to continue because both centers meet the requirements of Part 725 which are the standards of service applicable to 9-1-1 emergency systems. Parts 725.415 and 725.505, shown below, define backup PSAP and call handling requirements for a PSAP.

Section 725.415 Public Safety Answering Point

- a) *All 9-1-1 customer premises equipment (CPE) used by a PSAP must be compatible with the 9-1-1 system provider's equipment and transport arrangements.*
- b) *Each PSAP, after consultation with the 9-1-1 system provider, shall designate an area of adequate size to be used by the 9-1-1 system provider for termination of the company's lines and equipment.*
- c) *The CPE shall indicate incoming calls by both audible and visible signals for each 9-1-1 circuit. Each outgoing circuit shall have a visual display of its status.*
- d) *Each 9-1-1 answering position shall have access to all incoming 9-1-1 circuits and outgoing circuits.*

- e) *The CPE shall be designed to achieve transfers with at least 99.9% completion. This may require the use of dedicated facilities between the PSAPs when the telecommunicator verifies that the transfer has been completed and the telecommunicator's services are no longer required, the telecommunicator may manually release himself/herself from the emergency call, provided that the CPE is so designed. A 9-1-1 system should be designed so that an emergency call will never be transferred more than once; however there could be circumstances beyond the PSAP control that might warrant more than one transfer.*
- f) *Each answering position shall have direct access to an operational teletypewriter (TTY), and all PSAP telecommunicators shall be trained in its use at least every six months. The 9-1-1 authority will ensure that TTY equipment is available to continue service in the event of emergency, malfunction, or power failure.*
- g) *At a minimum each PSAPs shall have at least two fully equipped answering positions.*

The staffing levels and the number of positions beyond this requirement shall be determined by the 9-1-1 authority based on call volume. Overflow emergency calls shall be routed to a backup PSAP as provided for in subsection (i).

- h) *The 9-1-1 authority is responsible for ensuring that it's primary, back-up and secondary PSAPs provide continuous and uninterrupted operation 24 hours per day 7 days a week.*

i) Backup PSAP

1) Each 9-1-1 system shall have a backup PSAP which must operate independently from the primary PSAP. The backup PSAP must have the capability to dispatch (by either direct, transfer or call relay methods) the appropriate public safety agencies for that 9-1-1 system. A backup PSAP shall meet the same standards as the primary PSAP except as provided for in subsection (i), (2).

- 2) *In a 9-1-1 system with less than 5,000 billable access lines, where the system has demonstrated that the requirements of subsections (g) and (h) would place an undue financial burden upon the system, a full feature backup PSAP does not have to be maintained. A 9-1-1 system operating under this exemption should, as funds become available, upgrade its backup PSAP capability to meet those standards as specified in subsections (g), (h), and (i), (1). If the system ever exceeds 5,000 billable access lines for a period of 1 year, it shall upgrade to meet the standards as specified in subsections (g), (h), and (i), (1). For those systems operating under this exemption, the backup PSAP requirement may be met by one of the following:*

A) An unattended PSAP shall have:

- i) *the capability to provide 9-1-1 service;*
 - ii) *the communication equipment necessary to dispatch emergency services;*
 - iii) *a backup power supply;*
 - iv) *the ability to communicate via TTY; and*
 - v) *the capability to be immediately activated with authorized personnel.*
- B) *Call Box devices only if:*
- i) *the 9-1-1 system has five or fewer telecommunications carrier central offices;*

Section 725.505 Call Handling Procedures

- a) *The 9-1-1 authority shall insure that the disposition of each emergency call is handled according to the agreements it has negotiated with its system participants and adjacent agencies in Exhibit 3 and Exhibit 4 of its final plan pursuant to Section 725.205.*
- b) *Certified notification of the continuing agreements shall be made among the involved parties on an annual basis pursuant to 50 ILCS Act 750/15.*
- c) *In instances where a selected agency refuses a 9-1-1 request on the basis that a request is outside its jurisdictional boundaries, the telecommunicator shall make every effort to determine the appropriate responding agency and complete the disposition of the call.*
- d) *The agreements shall provide that, once an emergency unit is dispatched in response to a request through the system, such unit shall render its services to the requesting party without regard to whether the unit is operating outside its normal jurisdictional boundaries pursuant to 50 ILCS Act 750, 750/14.*

It should be noted that under **Section 725.415 i)** the backup PSAP that MetCom provide prior to Bloomington leaving the MetCom system did not comply to this section adequately. How or why the ICC at that time approved that initial arrangement is unknown at this time. The ICC views the current configuration in McLean County, with Bloomington and MetCom capable of backing each other up, is in compliance with Section 725.415. There are no surrounding communities or counties with the ability to serve as a backup for Bloomington or MetCom. Due to the lack of available backup, it is unlikely that the ICC will approve of the reintegration of Bloomington into MetCom.

The ICC views the issues between the McLean County ETSB and the City of Bloomington to be local issues that must be resolved locally. The ICC further indicated that with the advent of NG9-1-1 the current configuration of two (2) separated PSAP's in McLean County further adds redundancy with the manner in which NG9-1-1 systems may be configured to back up each. When NG9-1-1 equipment is added in Bloomington and MetCom the ability to back each other up will be even more effectively than it is today.

5.0 Next Generation 9-1-1, (NG9-1-1)

Today McLean County is utilizing a first generation E9-1-1 system and a Phase II wireless system. While these systems have served public safety well the proliferation of cellular technology with the ability to text messages and stream video from various devices has forced the 9-1-1 providers to expand the capability of PSAP equipment to receive and handle those calls. The limitations of the existing technology are evident today by the number of cellular 9-1-1 calls that are received by McLean County. In 2013 MetCom transferred more than 21,000 cellular 9-1-1 calls to the Bloomington communication center. Under Phase II wireless systems, 9-1-1 are routed to MetCom, if the wireless call is located in Bloomington, the call is forwarded to the Bloomington communication center. As the cellular network and technology becomes more sophisticated, the ability for cellular calls to be routed by location as well as the ability to utilize text and video messages will be available. To that end, the 9-1-1 equipment providers and the National Emergency Number Association (NENA) are establishing standards for equipment that is becoming available on the market today. One of the key components to this new technology is the ability for PSAPs to operate in a virtual world and to be driven by IP addressing. This will provide an even more effective system by which a PSAP can support and back one another up in case of a catastrophic failure at one of the locations.

NG9-1-1 will add flexibility for the PSAPs with the ability to transfer calls, messages, and data between any PSAPs on any interconnected NG9-1-1 system anywhere in the country, and the ability to activate alternate routing much more quickly to controlling data flow. The 9-1-1 center will be able to access a wide range of supportive databases to facilitate call processing, emergency response, and comprehensive incident management.

To address the advent of NG9-1-1 the McLean County ETSB has entered into an agreement with Frontier Communication's to provide a VESTA/Sentinel 4 redundant system. Some of the key features and benefits of the new NG9-1-1 identified by the Cassidian Communications VESTA/Sentinel 4 system are:

Improved User Experience

- All-new, highly configurable user interface, supporting multiple layouts and workflows
- Advanced, human factors design and exceptional ease of use
- Access to select web pages via console UI browser window

Operational Efficiency

- Streamlined call-taking processes and expedited response (task performance focus)

- Skills-based ACD/routing, applications, information and workflows configured for each user based on role assigned at login
- Remote call printing capabilities for call information transfer
- Multi-site, multi-agency support, with users and resources assigned to each agency at login

Scalability / Flexibility

- Cost-effective scalability from 2 to 250 call taking positions
- Best-in-class contact management and dialing control (Dial Directory)
- Central configuration of distributed users and resources

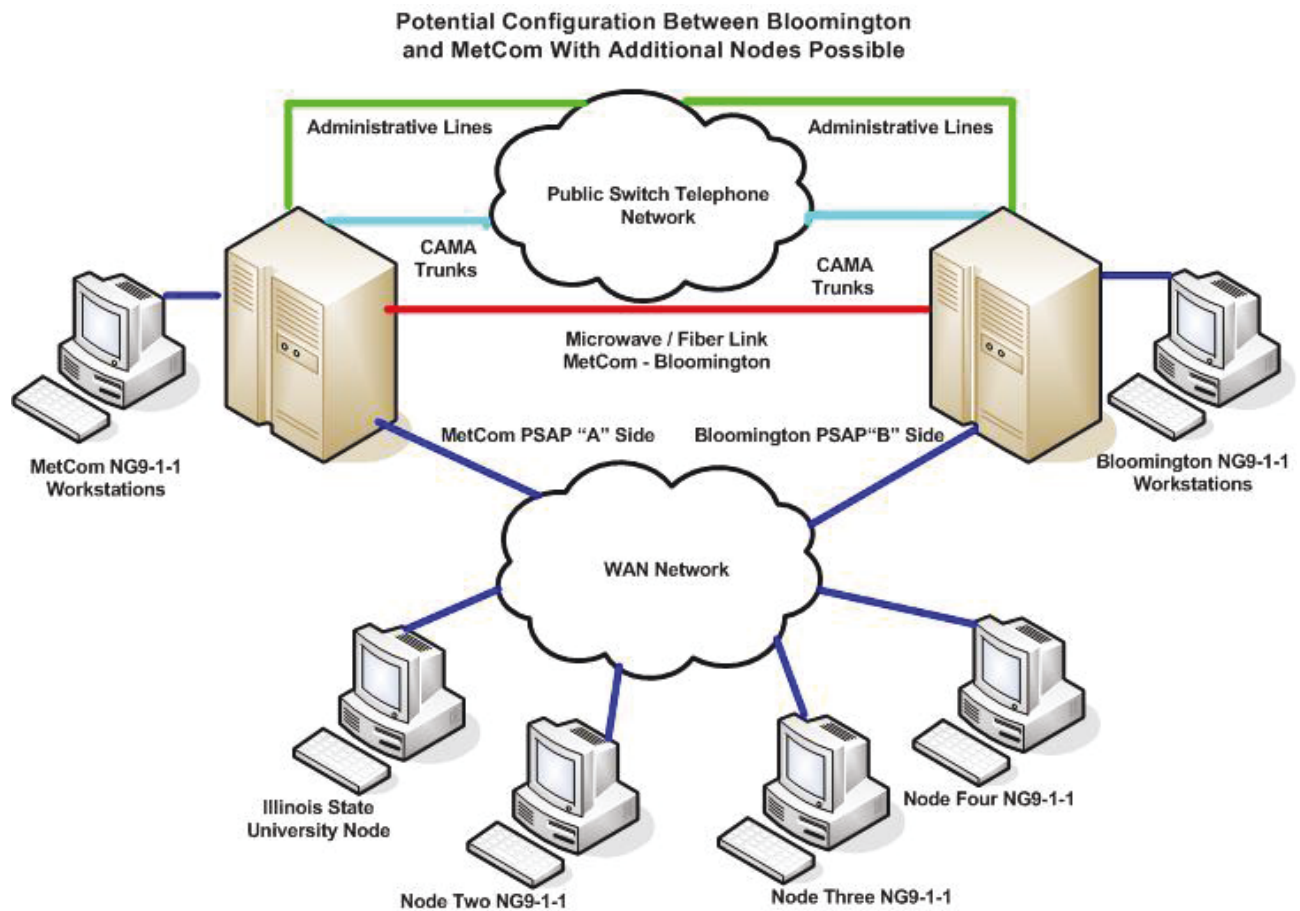
Reliability

- High availability with no single point of failure
- Optional geo-redundant host deployment – (MetCom & Bloomington PSAP's)
- Redundant connections at remotes, plus support for dual networks at the workstation(s)

Foundational Long Term Investment

- Open, distributed IP architecture
- Native Emergency Services IP Network connectivity
- Standards compliant (NENA i3)
- Forward migration path to next generation integrated, geospatial multimedia platform

Typical NG9-1-1 Configuration



6.0 Observations and Recommendations

Through the course of reviewing all of the documentation provided by the study participants, the on-site facility reviews, and interviews with operational and user agency representatives, MLJ has assembled a series of observations and recommendations for the group to consider as they plan for the future.

While separate, Bloomington and MetCom appear to have a good working relationship with each other. It has been established that for a number of operational reasons the decision to separate was a good one for the following reasons:

- The operational proceeds of Bloomington and MetCom are incompatible;
- The call volumes of Bloomington require more than a single dedicated telecommunicator;
- The physical space at MetCom does not allow for the additional personnel or equipment that would be necessary to support the needs of Bloomington if they were to reconsolidated;
- As currently configured the backup requirements of the ICC in the case of catastrophic failure at either PSAP are met; and the ICC repeatedly commented that the current configuration of two complete PSAPs within McLean County is preferred over a single PSAP that existed prior to Bloomington establishing their own PSAP.

Operations

Now that the ETSB has determined to move forward with the VESTA NG9-1-1 system it is a positive step in continuing the positive relationship between MetCom and Bloomington. This will provide McLean County with the latest emergency communication technology so that the organizations can continue to provide back-up to each other and comply with the ICC part 725 regarding call handling and backup center requirements. This is more than a technological project, as operating in an integrated system environment like this will also drive the need for development and adherence to a shared set of standards. The standards will govern how lines will be answered, the information that will be developed in the course of processing the call, and the way that information is conveyed either into the CAD system or to personnel in the field. Ultimately this should result in a shared operational document that could be used in a unified training approach for NG9-1-1 call processing that would be standardized across all agencies. This shared training approach would result in higher levels of consistency across all agencies and allow sharing of the costs of developing and delivering the training to new-hire personnel from any of the agencies.

We would also recommend that Bloomington and MetCom consider making their next required CAD/RMS/AVL upgrade or hardware replacement in a shared-CAD/RMS/AVL model rather than continuing to utilize stand-alone CAD systems. Combining integrated NG9-1-1 systems and integrated/shared CAD/RMS systems would allow PSAPs to operate to a large extent as if they were a consolidated PSAP, while still allowing the staff at each individual facility to continue to support the other ancillary duties and services they provide to their communities. This tighter level of interaction and standardization in processes for 9-1-1 and CAD processing would likely lead to other processes or training that could be done in a shared manner.

If shared systems and standardized practices are being used for 9-1-1 call processing and CAD entry, there is no reason this training could not be standardized and delivered collectively so that the scheduling and delivery of the training could be coordinated across a broader pool of resources. This may lead to other shared training opportunities such as agreeing to jointly deliver the APCO Public Safety Telecommunicator I or Fire Service Communications training programs to all new hires. Over time, each of the PSAPs would find that they have achieved a higher overall level of training in their organizations and a higher level of consistency in how they support the public and back each other up. All of this would be accomplished without the cost of expensive consolidation initiatives requiring new facilities and systems to be acquired and constructed.

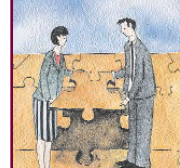
While regionally-integrated NG9-1-1 and shared or linked CAD systems are certainly technology issues, they have been discussed in this Operations section because this is where their impacts are most profoundly experienced. Consolidations have often been thought of first from a bricks-and-mortar perspective utilizing monolithic systems concepts to meet the collective needs of large service areas. If 9-1-1 call processing and dispatching were the only things the current PSAPs did, this might be an appropriate model to consider. But that is not the case in this setting. Rather, each of these PSAPs have well established duties, responsibilities, and relationships that to a large degree are founded on the PSAP operational considerations and needs. Therefore, these kinds of technological consolidations can provide a leveraging point where various levels of service level standardization, service level improvement, and shared training opportunities can be realized to have positive impacts on the operational environment.

However, with the implementation of NG9-1-1 consolidation can be established virtually through technology. In this virtual consolidation economy of scale and the shared costs of technology, funded by the ETSB, would benefit both PSAPs while maintaining their unique operational considerations.

7.0 Summary

Based on the information that was examined in this study, it does not appear that physical consolidation of PSAP operations between Bloomington and MetCom is the most appropriate or reasonable course of action to recommend at this time.

It is instead my recommendation that various technological consolidations and standardized processes be put in place so that these PSAPs can operate in a virtual-consolidation manner. The added depth in call processing capability combined with the physical diversity of personnel and facilities will create levels of resiliency not possible in the individual stand-alone settings while also keeping the current operations localized to the communities they serve and integrated in the business processes they support.



User Fees

Putting Policies and Structures in Place Now for the Future

By Daniel Edds

User fees are an important and strategic source of revenues, and now is a good time to recalculate fees and restructure operating processes in a way that will lower long-term costs.

While user fees cannot replace lost revenues, the current economic state of affairs provides a critical opportunity to review and update user fee policies, cost structures, policies, and internal procedural processes. By taking steps now, jurisdictions can be ready to make improvements as soon as economic recovery begins. Setting clear policies and procedures for cost recovery is a way to prepare for anticipated service needs and future growth.

ARGUMENTS FOR CHARGING FEES

A *Government Finance Review*¹ article noted three arguments surrounding the question of why user fees should be established:

- **Philosophical.** This argument says that individuals should be responsible for the cost of the public resources they consume and from which they benefit. For example, a single-family homeowner plans a \$50,000 addition to her house. If reviewing the plans and inspecting the construction costs the city \$1,500, then the homeowner should fully reimburse the city for those services.
- **Political.** According to this argument, user fees encourage accountability and fair representation. By assigning fees to services, individual citizens have more options for using

services in ways that best suit their needs. User fees also create a direct relationship between the city and the individual consumer.

- **Economic.** This viewpoint argues that there is a direct correlation between user fees, demand, and consumption. The *Government Finance Review* article provided the example of Canadian municipalities employing metered systems to charge for water use — consumption dropped once consumers started paying for their water. A different kind of example concerns fire prevention. When jurisdictions don't have sufficient revenue to cover inspections of commercial properties, the workload can exceed the supply of inspectors. As a result, not all properties are inspected, which can have a negative impact on public safety. Furthermore, commercial occupancies that are not inspected frequently can and do change without clear notification to the fire department, potentially putting fire personnel at risk — finding a warehouse full of phosphate fertilizers when records indicate steel rebar could be catastrophic.

Jurisdictions that are considering whether to charge for some services can also consider the issue from the standpoint of cost recovery and service delivery. If a jurisdiction intends to

provide a high level of service, it needs to consider what costs should be recovered. For instance, many municipalities subsidize regulatory permits as a means of encouraging economic development. However, subsidized fees can have practical consequences, potentially resulting in a compromised level of service — during times of budget cuts, the services that appear to be a drain on the general fund are often the first to be cut.

SETTING RATES

Methodologies for calculating user fees are important. Simplistic or inferior methodologies can impact user fees in several ways:

- 1. **Public Acceptability.** Even though a fee may pass the test of legal defensibility, it must also be accepted by the public. The question is often not whether a fee should be charged, but what the price should be. Ideally, a jurisdiction’s methodology should be able to answer the “why” and the “what” questions — *why* a fee is set at a given amount, *what* the impact of the regulatory environment is, *what* the cost drivers are, and *why* (for instance) it takes staff ten hours to process a permit.

Costs are a reflection of regulations and operations.

Financial Integrity and Transparency. Costs are a reflection of regulations and operations. If operations are efficient, the costs will maximize value. If operations are excessively burdened with regulatory requirements, then the costs will be higher relative to value. A simplistic method of calculating costs can produce a defensible number — for example, a jurisdiction might use a blended hourly rate that might put the cost of a lot line adjustment at \$880, based on seven and a half hours of averaging processing time at a blended, fully loaded hourly rate of \$117.33. The methodology would probably pass any legal challenge, but there is limited rigor behind the analysis. This level of information would allow stakeholders to decide whether or not they think the service is worth the cost.

Breaking the data down by the individual processes and activities required to produce the service, how-

ever, would provide greater insight. The breakout shown in Exhibit 1 provides enough information to have a more meaningful discussion. Looking at this data, which factors in process and activities, a stakeholder might ask about the value of the regulatory requirements that comprise 46.6 percent of the fee, rather than just questioning the fee itself. The added information provides tools for a healthy debate about the cost of regulations, while the simplistic calculation does not provide for this additional insight.

SETTING POLICIES

There is no single rationale for setting user fees. Instead, jurisdictions need to establish clear and well thought-out policies, based on a blend of philosophical and economic arguments, and a concentration on providing excellent customer service. Ideally, these policies should provide guidance and long-term direction that transcend public opinion. Given the budget shortages many jurisdictions currently face, there are several policies that might provide assistance.

Increase User Fees Annually. Some jurisdictions work on the “set it and for-

Exhibit 1: Cost Analysis Demonstrating the Transparent Consumption of Operational Resources				
Activity Description	Average Time to Process	Fully Loaded Hourly Rates	Total Cost by Activity	Percentage of Total Cost
Application intake and routing (Planning Tech)	0.75	\$60.00	\$45	5.1%
Initial application review (Assistant Planner)	1.25	\$95.15	\$119	13.5%
Set conditions of approval (Senior Planner)	2.5	\$122.26	\$306	34.8%
Planning commission presentation (Principal Planner)	3	\$136.80	\$410	46.6%
	7.5		\$ 880.00	100%

get it” principle. For example, one city did not increase user fees for 17 years. After a thorough review of its costs, the city attempted to bring its fees up to full cost, but the increases required made too many headlines in the local paper. Consequently, the city was forced to adopt a level of cost recovery that would continue to undermine its ability to increase service levels.

Review Cost Structures Every 3-5 Years. Regulations are a major driver of cost, and they can change dramatically, especially in development-related activities. Reviewing cost structures regularly allows jurisdictions to recover the costs of new regulations and provide for a steady revenue stream that will allow them to provide high-quality services.

Identify Which Costs Should Be Recovered through User Fees.

Municipalities often set their cost recovery target at 70 percent, but they don’t necessarily factor in all the costs, such as city or county overhead, department overhead, cross-departmental support. For example, fire protection services often provide plan review and inspection services to the building and planning department. Are these costs factored in?

Determine the Value of Customer Service and Set Fees Accordingly.

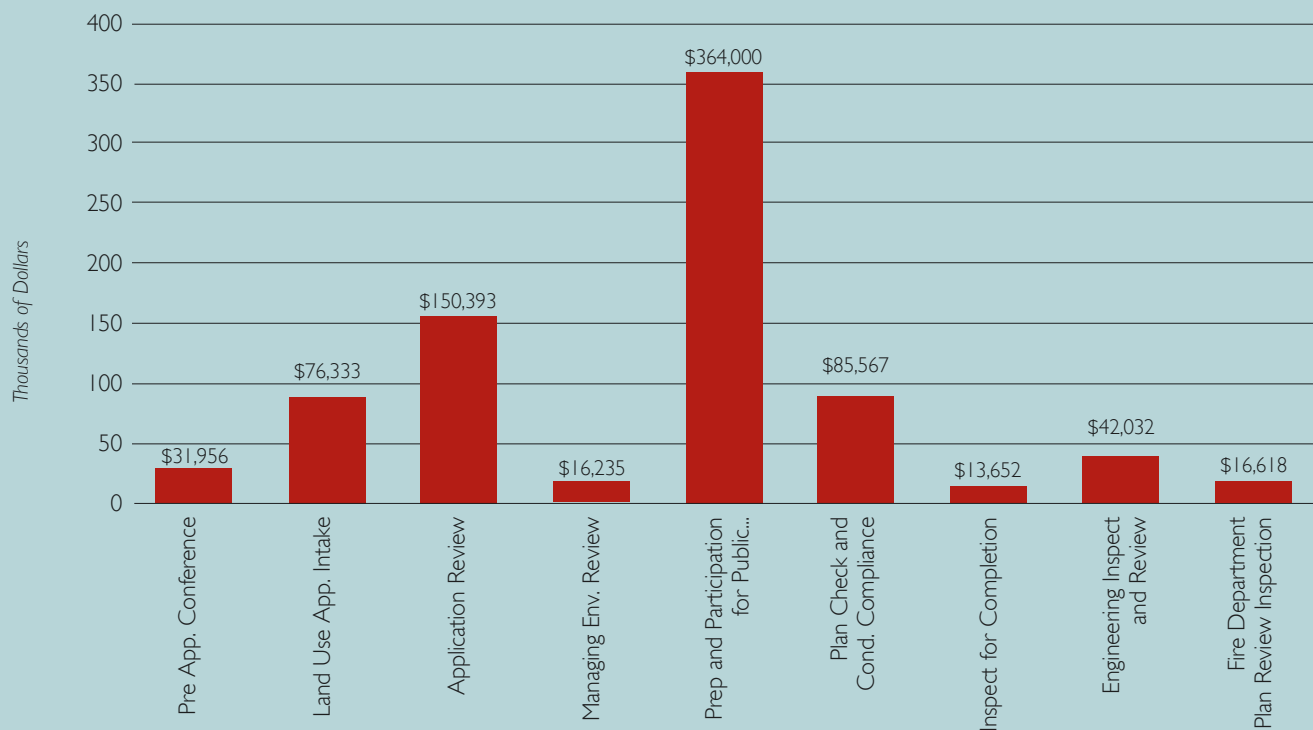
Most municipalities want to provide a high level of customer service, although what this means to individual jurisdictions varies considerably. One municipality assumes that meeting the state-required 120 days to process a land use

permit is good customer service, while another municipality seeks a goal of 60 days to process the same permit. Both might charge the same fee, but there is clear economic value to the applicant if the permit is processed faster.

CASE STUDY: COMMUNITY PLANNING FEES

An upscale California coastal community decided it was time to review its community development planning fees. It had been five years since the last review, and the city council had established a policy that set cost recovery goals based on the perceived public versus private benefit. During the review fees, it became clear that this policy was not working. The total cost recovery for planning services was just 20.9

Exhibit 2: Cost by Business Processes



percent. Two things were hampering cost recovery: The city had never determined which costs should be included, and the public kept pushing for more input into what their neighbors were doing with their own property, adding to the city's costs. In addition, cost recovery was shrinking as a percentage of total cost because the regulatory and process requirements favored an intensive public process. For example, simple encroachment permits, which are administratively approved in many municipalities, required the approval of the city council. Additionally, appeals were so affordable that citizens would routinely hire their own attorney to appeal a council decision that favored a neighbor's project.

This community had long favored and encouraged a highly visible public process. In this case, though, there was an appreciable cost — the public process made up 46 percent of the direct cost of processing planning applications. At this point, the council had several options to consider: raise fees to recover all of or some percentage of cost; figure out how to lower cost without sacrificing quality service; choose to subsidize the cost of public process; or some combination of each.

Using the principles of activity-based costing (see Exhibit 2), the council directed staff to do four things:

- 1) Review the schedule and structure of applications and look at ways

in which costs could legitimately be shifted back to the applicants. For example, in cases where applicants hire an attorney to oversee or appeal a development project, the flat fee schedule might be dropped in favor of a time and materials structure.

- 2) Review internal processes to identify the applications that should have administrative approval rather than planning commission or city council approval.
- 3) Establish clear expectations for application approvals and set charges for excessive plan reviews in cases where prior conditions were not addressed. It was evident that local architects and attorneys were "gaming the system" with excessive iterations at the expense of the city.
- 4) Establish a public review process that would allow citizens to understand the costs.

CONCLUSIONS

User fees are an important and strategic source of revenues, and now is a good time to recalculate fees and restructure operating processes in a way that will lower long-term costs. Waiting until the economic recovery begins will only postpone and lengthen the organizational rebuilding that will be required. ■

Note

1. J. Mark Bowlby, Patricia MacDonald, and Mark Gilbert, "Establishing User Fees: Theory and Practice in Canada," *Government Finance Review*, February 2001.

DANIEL EDDS is a project manager at FCS Group.

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Chapter 3

USER FEE REVENUE/COST COMPARISON POLICY

3-3-1: TITLE:

3-3-2: PURPOSE:

3-3-3: DEFINITION OF REASONABLE COSTS:

3-3-4: DELEGATION OF AUTHORITY TO CITY MANAGER:

3-3-5: ANNUAL REVIEW OF FEES:

3-3-6: PUBLIC NOTICE:

3-3-7: APPEAL TO CITY COUNCIL:

3-3-1: TITLE:  

This chapter shall be known as the *USER FEE REVENUE/COST COMPARISON POLICY*. (2001 Code § 2-7-501)

3-3-2: PURPOSE:  

- A. It is the intent of the city council to require the ascertainment and recovery of reasonable costs from fees, charges and regulatory license fees levied in providing the regulation, products or services enumerated in this code.
- B. The fee and service charge revenue/cost comparison system set forth in this chapter provides a mechanism for ensuring that fees adopted by the city for services rendered do not exceed the reasonable cost for providing the services for which the fees are charged, and that tax subsidies to the services for which such fees and charges are made is pursuant to policy established by the city council. (2001 Code § 2-7-502)

3-3-3: DEFINITION OF REASONABLE COSTS:  

"Reasonable costs", as used and ordered to be applied in this chapter, shall be determined as set forth in this chapter and shall consist of the following elements:

- A. Direct Costs: All applicable direct costs, including, but not limited to, salaries, wages, overtime, employee fringe benefits, services and supplies, maintenance and operation expenses, contracted services, special supplies, and any other direct expense incurred.

- B. Indirect Costs: All applicable indirect costs, including, but not restricted to, building maintenance and operations, equipment maintenance and operations, communications expenses, computer costs, printing and reproduction, vehicle expenses, insurance, debt service, and like expenses when distributed by a documented proration system of accounting.
- C. Fixed Asset Recovery: Fixed asset recovery expenses, consisting of depreciation of fixed assets, and additional fixed asset expense recovery charges calculated on the current estimated cost of replacement, divided by the approximate life expectancy of the fixed asset. A further additional charge to make up the difference between book value depreciation not previously recovered and reserved in cash and the full cost of replacement also shall be calculated and considered a cost so as to recover such unrecovered costs between book value and cost of replacement over the remaining life of the asset.
- D. General Overhead: General overhead, expressed as a percentage, distributing and charging the expenses of the city council, city attorney, city manager, city clerk/recorder, finance department, personnel office, and all other staff and support services provided to the entire city organization, which costs are not otherwise directly distributed to service centers. Overhead shall be prorated between tax financed services and fee financed services on the basis of such percentage so that each of taxes and fees and charges shall proportionately defray such overhead costs.
- E. Departmental Overhead: Departmental overhead, expressed as a percentage, distributing and charging the cost of each department head and his supporting expenses as enumerated in subsections A, B, C and F of this section.
- F. Debt Service Costs: Debt service costs, consisting of repayment of principal, payment of interest, and trustee fees and administrative expenses for all applicable bond, certificate or securities issues or loans of whatever nature or kind. Any required coverage factors or required or established reserves beyond basic debt service costs also shall be considered a cost if required by covenant within any securities ordinance, resolution, indenture or general law applicable to the city. (2001 Code § 2-7-503)

3-3-4: DELEGATION OF AUTHORITY TO CITY MANAGER:

- A. Scope Of Authority: The city manager is delegated the authority and directed to provide documents to the city council to implement the policy enumerated in this chapter to adjust fees and charges to recover the percentage of reasonable costs as established in this chapter, in providing the regulation, product or service enumerated in this chapter in the percentage of reasonable costs and on the schedule of rate review and revision as established in this chapter.

B. Executive Administrative Orders: The city manager is delegated authority to issue executive administrative orders defining terms; setting out administrative, fee collection and financial procedures; stating definitions; and establishing effective dates of all fees set by the city council by resolution. All executive administrative orders shall be signed by the director of finance certifying that the financial requirements of this chapter are complied with, and shall be signed by the city manager connoting the effective date of the executive administrative order and new or revised rate structure, procedure or definition. (2001 Code § 2-7-504)

3-3-5: ANNUAL REVIEW OF FEES:

A. Required: The city manager, director of finance and each city department head, under the direction of the city manager, shall review annually the fees and service charges adopted pursuant to resolution of the city council, and provide an adjusted fee or charge schedule to the city council for its consideration so as to recover the listed percentage of reasonable costs necessary to provide the listed regulation, product or service.

B. Variation Permitted:

1. The schedule of frequency of rate adjustments may be varied by the city manager to adjust revenues sufficient to meet debt service coverage requirements of any bond, certificate or ordinance, resolution, indenture, contract or action under which securities have been issued by the city which contain any coverage factor requirement.
2. The city manager may vary the review schedule listed in this section if, in the judgment of the city manager and a directly affected and requesting department head, a gross inequity would be perpetrated by not revising the rate schedule. (2001 Code § 2-7-505)

3-3-6: PUBLIC NOTICE:

A. Required: Annually, as part of the annual budget adoption process, the city clerk/recorder shall cause published public notice to be provided, and the city council shall receive at a regularly scheduled meeting, oral and written information and staff presentations concerning fees and charges proposed to be increased or added for the fiscal year encompassed by the proposed annual budget.

B. Action Following Notice, Meeting: Such notice, oral and written presentation, and public meeting shall be provided prior to either of the city council's or the city manager's taking of any action on any new or increased fees or charges upon which the annual budget is predicated. (2001 Code § 2-7-506)

3-3-7: APPEAL TO CITY COUNCIL:

- A. Time Limit For Filing: Any person who is required to pay a fee as set forth in a resolution by the city council and who feels that the fee or charge determined and set is in excess of the percentage of reasonable costs to be recovered as set out in this chapter may appeal in writing to the city council. Such appeal shall be filed within fifteen (15) calendar days of the imposition and payment of the fee.
- B. Hearing; Decision: At the city council's discretion, such appeal may be placed on the agenda of a city council meeting within sixty (60) days of receipt of such appeal and heard at such city council meeting. If the city council determines that such fee or charge is in excess of the percentage of reasonable costs as set forth in this chapter, the city shall refund the fee within thirty (30) calendar days. (2001 Code § 2-7-507; amd. 2009 Code)

CITY COMMISSION POLICY

GRAND RAPIDS  MICHIGAN	NUMBER: 700- 10	HISTORY DATE
	DATE: April 30, 2013	
	FILE NUMBER: 82367	
	DEPARTMENT: Fiscal Services	

SUBJECT: FULL COST RECOVERY

PURPOSE: Establish a policy regarding the full cost recovery of all user fees

POLICY: USER FEE POLICY

Policy Statement

The City of Grand Rapids shall collect user fees to fully recover the cost of services where it is determined that a service, product or use of the City resources provides a direct benefit to identifiable individuals and groups of individuals, groups, or businesses beyond those services that accrue to the general public.

User fees shall recover the full cost (100%) of providing the applicable service except where the City has approved a subsidy or an exemption for full cost recovery, such as where a service is priced based on competition in the open market or where the fees are legislated by the state or federal government. In any case, the amount of the fee may not exceed the full cost of providing the applicable service.

Summary Background

The Government Finance Officers Association (GFOA) recommends establishing a user fee policy that includes a methodology for calculating the full cost of providing a service that will provide the basis for setting user fees. The GFOA promotes several best practices with regard to developing and implementing a user fee policy. They include:

- Develop and maintain a comprehensive list of services provided and user fee schedules
- Establish a “standard” methodology for full cost calculations for all service provisions to ensure transparency and accountability across departments
- Promote full cost recovery by basing user fees on full costs
- Review the cost recovery considerations and determine optimal cost recovery goals for each service provision for which the City is unable to charge the full service provision cost to users
- Identify the governing body that may determine if a service shall receive less than 100% cost recovery
- Provide criteria for those services which shall receive subsidies and/or for those services to be eliminated
- Establish a schedule for fee review and cost calculation updates

Definitions

User Fees - The City of Grand Rapids collects three kinds of user fees:

- 1) Charges for Services where the exchange of money for services rendered occurs
- 2) Licenses and Permits where individuals purchase the right to do something such as operate a business or obtain a passport
- 3) Fines and Forfeitures where an individual has not paid for a service or did not follow the City's rules and regulations

Cost Recovery - Cost recovery is when the City captures all or some portion of the total costs required to deliver a specific service provision.

Direct Costs - Costs incurred that directly support the service provision or the final cost objective and are 100% assignable to the service provision. For the City of Grand Rapids fee costing methodology, this includes ONLY fully loaded personnel costs for all personnel (full-time, seasonal, temporary, etc.) supporting a particular service, both direct service and administrative support.

Indirect Costs - Costs that consist of departmental, non-personnel costs used to deliver multiple services or cost objectives and are not readily assignable to one particular service provision but can be allocated proportionally (by the distribution of direct costs or some other consistent method) to multiple service provisions. Any departmental costs that are solely related to the service provision (such as vehicles used by inspectors, but not support staff), are to be assigned solely to that service.

Overhead Costs - Costs provided by central service departments that are shared across multiple departments through the A-87 cost allocation plan and are of a general nature that do not relate solely to any major function.

Methodology Overview

The City's objective is to realize full cost recovery. To accomplish this goal, the City of Grand Rapids must reevaluate its current fees and services provided, assess how the fees are calculated, recalculate the total costs to provide the service provision, and identify the value of the service provision relative to the benefit it provides. The City also must implement a standard approach to fee calculation across the many departments. By creating a consistent and standard fee methodology and policy, the City will be able to establish financial transparency and improve its financial accountability and sustainability.

Full costs shall be calculated to determine the appropriate charge for a service or a program. The cost analysis and calculation shall occur for all services and programs independent of whether the objective is to fully or partially recover the cost of providing the service. If the City Commission chooses to subsidize a particular service or program, at least the full cost analysis will provide complete transparency as to the level of subsidy applied to deliver the service or program. Determining full costs can be a very complex process and the City of Grand Rapids needs to put into balance the complexity of accuracy, the ease of use, the ease of maintenance, and need for simplicity. In other words, the effort made in calculating the full costs should be commensurate with the scale of the service or program. Time tracking shall be performed as follows:

- 1) Cross-Departmental Service Provisions – by tracking actual time and expenses (direct and indirect) to a particular service provision via the “Project” functionality in the Microsoft Dynamics GP financial system. Overhead costs shall be allocated by the percentage of direct costs required to deliver a particular service provision.
- 2) Single Department Service Provisions – by using time estimates (updated on an annual basis) and fully loaded personnel cost rates to assign direct costs to a particular service provision. Cost calculations can be performed in Excel to justify service provision costs. Indirect and overhead costs shall be allocated by the percentage of direct costs required to deliver a particular service provision plus any significant costs incurred solely for that service.

Each department shall use all direct costs, all indirect costs, and all overhead costs to determine the total cost for each service provision.

Full Cost Recovery

This policy states that all user fees including permits and licenses and fines and forfeitures should be set at a rate to recover the full cost from those individuals, groups or businesses that receive a direct benefit from the service or where the service is performed at the request of or for the convenience of the recipient.

Full cost recovery establishes a basis on which the City of Grand Rapids may allocate limited resources, reduce the reliance on subsidies, create fair and equitable debates with regard to

service provisions, and improve resource allocation by having individuals, groups, and businesses that benefit from the service pay for the service.

Departments shall accurately calculate the full cost of providing a service notwithstanding the ability to recover 100% of the costs from user fees.

Understanding this relationship between the type of service and the benefits received will guide the City of Grand Rapids in its decision-making regarding the charging of user fees. City services may be categorized into the following major groups:

- Private Service: These service provisions benefit individuals, groups or businesses and therefore only specific users opt to take advantage of this service.
- Private and Public Service: These service provisions benefit the general public as well as specific individuals, groups or businesses.
- Public Service: These service provisions benefit the general public and by nature of the service, it is impossible to exclude any individual from taking advantage of the benefits provided by the service or program.

The major concept supporting this User Fee Policy is that those who receive direct benefits should pay for the service provision. As a result, cost recovery strategies should always take into account the relationship between the service and the benefit to the individual, group, or business to determine if the benefit is predominately private or public. Depending on the type of benefit, the degree of cost recovery may not always be 100%, and further, the pricing may not be based on the full cost to provide the service. On those occasions where only partial recovery is a possibility, justification for recovering less than the full cost must be clearly stated. Promoting this strategy will improve the City's ability to demonstrate transparency and accountability in managing user fees and fee policy decision-making processes.

Considerations for Full Cost Recovery

Once the City has a complete service provision list and has calculated the total costs to deliver these services, it may evaluate what rates of recovery each service should achieve if it believes full cost recovery is not an option. Several considerations may be applied to a service provision to determine its level of cost recovery.

Restrictions by an External Agency. The State or another government agency may set a maximum amount or limit the ability to charge a user fee. The collection of fees in excess of the allowable maximums would not comply with regulatory requirements and/or legislative/governmental restrictions. Examples may include charging for time spent copying and retrieving public documents such as for FOIA requests.

Encouragement or Discouragement of Desired Behaviors. Maintaining fees at certain levels may sometimes encourage improved compliance or discourage "bad" behavior from an individual, business or the community at large. Examples may include keeping the rental certification rates low so that lower-income individuals may find affordable housing or imposing late fee fines.

Effect on Demand for a Service Provision. Increasing the user fee for a particular service may reduce the demand for that service. For example, if the golf greens fees are too high, the customers may seek alternate golfing arrangements.

Considerations for Full Cost Recovery - continued

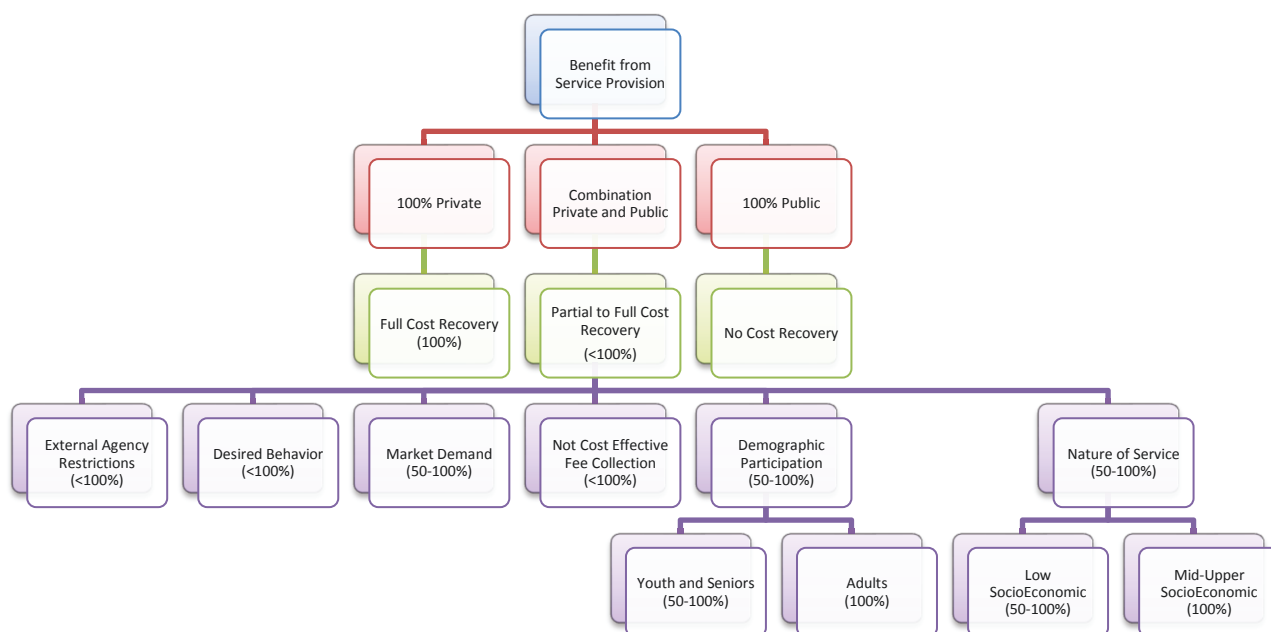
Collection of fees is not cost effective. Collecting full costs for certain services may not be cost effective. For example, collecting an entrance fee to a park could cost more by having to maintain an admissions staff.

Participation by Certain Demographic Segments May be Too Costly. The City may choose to fully subsidize or set fees below full cost recovery so that all members of the community may utilize the service.

Nature of the Service. The service may target youth and/or adult recreation. Depending on the user of the service, the City may choose to increase or decrease the user fees.

After considering these variables, the City should determine to what degree a service should recover its costs, keeping in mind that the overall policy is to achieve 100% cost recovery. In any event, all departments should calculate the full cost of providing their service(s). Justifications for reduced charges (partial cost recovery) must be clearly defined so that the degree of subsidy is transparent to those providing and monitoring the service.

Figure 1: Decision Matrix for City Fee Policy



Note: The recovery rate levels may vary based on the City of Grand Rapids overall policies. 50% is used for illustrative purposes to indicate a cost recovery level less than 100%, yet high enough to justify providing the service.

Timeline for Fee and Cost Review

On an annual basis, as part of the budget review process, the City of Grand Rapids may adjust the fees based on economic factors such as the Consumer Price Index (CPI) or other agreed upon annually adjusted inflators and revised budget allocations. Fees set by the federal or state law or other regulatory body would be exempt from such an adjustment. The inflation factor is only a proxy, or estimate, of cost increases. This does not replace the need for a periodic actual cost analysis (i.e. full review) on a set schedule.

Although no measure is perfect, the most widely applied is the Consumer Price Index (CPI). Given its pervasive use in setting cost-of-living adjustments (COLAs), it can be the appropriate metric when calculating the rate of consumer inflation at the national level. (Source: GFOA)

Without the annual review and required adjustments, the fees may no longer fully recover the costs of delivering the service provision. Consequently, the City will have to find other sources of funding to cover the gap created from insufficient fee revenue. As long as the City policy is to achieve 100% cost recovery, the City must review the user fees on an annual basis.

The City of Grand Rapids will conduct a comprehensive fee review of every fee or family of fees every three years. It is intended that one-third of the departments will undergo in-depth cost analysis of their user fee structure each year, with a review cycle for each department every three years. For the two years between the full review cycle, the departments will adjust the fees based upon the CPI. Any major changes must be approved by the City Commission prior to the adoption of the annual budget for the following fiscal year. When conducting comprehensive fee reviews, the City should answer the following questions:

- Are total service costs covered by the received revenues and if not what is the recovery rate?
- Do the fees recover the total costs and/or generate revenue that may supplement other services?
- What are the current direct, indirect, and overhead costs?
- For those services the City decides only demand partial cost recovery based on one or more cost recovery considerations highlighted earlier in the document, what are the fees charged by neighboring municipalities for similar services? What are the market rates?
- There are services that are not and cannot be delivered on a full cost recovery basis. These services should be reviewed to determine if the services are available from the private sector or from the not-for-profit community. Services available from alternative sources shall be considered for elimination.
- What is the demand level for a specific service and how has it increased or decreased over the prior three to five-year period?

If a completely new fee is established, the City Commission should approve the revised fee before it can be implemented. All new fee proposals shall contain the purpose of the new fee, the justification for the implementation or revision, the fee amount and estimated annual revenue, the annual total service provision cost, the cost recovery rate, the nature and extent of the benefit to the customers, and other relevant information used to determine the revised fee schedule.

Public Notice of User Fee Schedules

The City's Fiscal Services Department shall maintain a complete listing of the authorized processes for fee initiation and modification, as well as public notification requirements. This listing shall include the following information: fee name, accounting code to which fee revenues are credited, description of the service or product provided, authorization for the fee, which entity approves the fee, method of calculating the fee, what share of costs are recovered by virtue of charging the fee, the unit of measure against which the fee is calculated, and the estimated upcoming year revenue for the fee.

Unless otherwise authorized by City Commission, all fee schedules and revised fee proposals shall be made public prior to their submission for approval to the City Commission. The City Commission may automatically approve the annual inflationary adjustments, but all other fees shall be made public by holding a public hearing, to be announced in a paper of general circulation in Grand Rapids, to be held at the City Commission meeting prior to the meeting at which the City Commission will be asked to consider the changes. At the public hearing, interested parties may express any concerns they may have with the proposed fee adjustments.

Conclusion

The purpose of this User Fee Policy is to establish a standard approach to cost recovery calculations and user fee setting for all departments across the City of Grand Rapids. Specifically, the Policy promotes best practices for full cost recovery of user fees and establishes a timeline for updating user fees, so that the City may ensure the perpetuation of full cost recovery year after year.

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SUBJECT: USER FEE POLICY
POLICY NO.: 100-05
EFFECTIVE DATE: March 10, 2009

BACKGROUND:

The following presents a comprehensive User Fee Policy for the City of San Diego that includes guidelines for establishing and maintaining a comprehensive user fee schedule. The user fee policy establishes the method for setting up fees and the extent to which they cover the cost of the service provided, as recommended by the Government Finance Officers Association (GFOA), National Advisory Council on State and Local Budgeting (NACSLB), and Federal Government Office of Management and Budget (Circular A-87).

The City charges a range of fees for services provided to residents and businesses. These fees are imposed as a result of a public need, such as recreational services, rental uses, and other types of services.

According to the standards established by GFOA and NACSLB and their best practice guidelines, governments should calculate the full cost of the different services they provide. For instance, GFOA recommends a formal fee policy that should identify factors to be considered when pricing services.

Many cities have implemented user fee policies to comply with the regulations set by their jurisdictions. Best practices indicate that several components are essential in developing a User Fee Policy that are described below and included in the User Fee Policy:

1. Provide specific requirements for frequency of fee review.
2. Identify how fees are set and what factors are considered.
3. Develop a cost recovery rationale which will allow revenue enhancement through full cost accounting, thereby improving government efficiency, and which will maintain equity considerations in regard to provision of government services.
4. State the government agency's intent to set fees to recover the full cost of service. Determining cost recovery rates necessitates an accurate calculation of the cost of providing government services, both direct and indirect, regardless of whether all services are deemed to be fully cost recoverable. Direct costs consist of costs that are incurred directly by providing the service, such as staff time spent on service-related activities in addition to salary and benefit expenses. Indirect costs consist of departmental overhead such as operating expenses and internal administrative costs as well as citywide overhead costs. Failure to include indirect costs results in inadvertent subsidization of government services that benefit individuals rather than the overall public.

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5. Provide rationale in cases where a government agency sets a fee lower than the full cost of a service. The concept behind a user fee is that the fee charged for a service should equal the cost of providing that service. Examples of programs and services with low to moderate cost recovery levels include recreational activities for youth and seniors, other community services, and library fees.

6. Set a frequency for undertaking cost of service studies. In-depth user fee studies should be undertaken every two to five years, with annual adjustments based on certain economic inflators or changes in budget allocations. While some cities determine annual fee changes by evaluating the impact of inflation, others also evaluate the impact of changes in budget allocations for each department to determine whether the cost of providing specific services has changed. In addition, while an annual review is necessary to determine whether fees should be updated according to the policy, a comprehensive annual user fee study may not be cost-effective because of its labor and time-intensive nature, particularly due to the large number of fees that must be reviewed. Therefore, a schedule of increases based on Consumer Price Index (CPI) or other annually adjusted inflator should be included in the policy.

7. Allow stakeholder input and make the policy available to the public. GFOA recommends that stakeholders be given an opportunity to provide input during the User Fee Policy formulation process. This User Fee Policy includes: a) provisions for allowing the public to be part of the discussion of the proposed fees; and b) the requirement to make a schedule of all fees available and ensure its easy access for the public.

PURPOSE:

Identify the full cost of services for activities that charge user fees in order to develop target cost recovery rates.

Bring existing fee levels in-line with service costs to ensure that all reasonable costs incurred in providing these services are being recovered.

POLICY:

Definitions:

“User Fee” is a fee charged by a government agency to recipients of its services. User fees generally apply to activities that provide special benefits to members of the public, and the amount of the fee is usually related to the cost of the service provided. Examples of user fees are pool fees, park room rental fees, fire inspection fees, and others.

“Cost Recovery” is recouping a portion of or all costs associated with a particular service provided by the government agency to the public. The user fees determine the percentage of a service that is recovered. Cost recovery has two important rationales: (a) revenue enhancement through full cost accounting, thereby improving government efficiency; and (b) maintaining equity considerations in regard to the provision of public services.

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“Direct Costs” are the costs incurred directly by providing a specified service. These costs are associated with staff time spent performing service related duties and include employee salary and benefits. In general, direct costs are any costs that can be traced directly to the production of a given service or product.

“Indirect Costs” are the costs not directly accountable or associated with the production of a service, such as a fixed cost. Indirect costs include departmental overhead (operating expenses and internal administrative costs), as well as citywide overhead, including all those costs that support City programs and services.

Annual Review Process:

Regular annual changes to user fees in the General Fund shall be first reviewed by the Budget and Finance Committee and proposed to the City Council during the annual budget process. All approved changes shall be published in the City’s user fee rate book and on the City’s website, both of which shall be maintained by the Office of the City Clerk.

Changes to user fees in enterprise fund departments (Water, Wastewater, Airports, Golf Course, Recycling, and Refuse Disposal funds) shall be proposed to the City Council as recommended by each responsible enterprise fund department.

Requirements:

A. Levels of Cost Recovery

Category I – Full Recovery (100 Percent)

User fees that are determined to have a 100 percent cost recovery goal shall be updated annually based on the costs incurred for providing services using actual data from the prior fiscal year. All user fees are assumed to be at 100 percent cost recovery unless they meet the criteria for Categories II and III.

Category II – Partial Recovery (Below 100 Percent)

User fees that are below the 100 percent cost recovery goal shall be adjusted annually by a standardized escalator based on the most recent Consumer Price Index. Alternatively, these fees may be changed at any point in time upon recommendation by the responsible department, approval by the Chief Operating Officer and final approval by the City Council.

Fees are generally less than 100 percent cost recovery in cases where: (a) the collection of fees is not cost-effective; (b) the collection of fees would not comply with regulatory requirements; (c) the purpose of the fee is not to generate revenue but rather provide benefits to the recipients (e.g. recreational activities).

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Category III – Fees (Fines and Penalties)

User fees that fall into this category are in most cases penalties, fines or deterrents to the public (library fines, penalties for uncollected money or public safety response for disturbances). User fees in Category III shall be reviewed annually relative to the reasonableness of the fee and the fiscal effect as it relates to deterrence.

In summary, the following economic and policy considerations shall be considered when setting cost recovery levels as follows:

- Public use of government services shall be considered (potential to use fees as a means of encouraging or discouraging activities, for instance, library book fines).
- Constitutional or other types of limitations on charging more or less than the actual cost of providing the service.
- Subsidization (not full cost recovery) of activities for groups who cannot afford access to services if fees are set at full cost recovery (e.g. pool fees). In these cases, the City shall subsidize a portion of the cost of the service.
- The fee amount and its affect on the demand of the service shall be considered. Increasing a fee amount might not always raise revenues, but instead may have the opposite impact. A fee set above what the public is generally willing to pay will lessen the demand for the service, and, as a result, a sensitivity analysis of consumer demand shall be considered when setting fees.
- The nature of the facilities or services shall be considered when setting fees (e.g. fees for facilities may warrant full cost recovery while fees for youth recreation programs may warrant less than full cost recovery).
- The nature and extent of the benefit to the fee-payers. The recipients that benefit from the service provided shall be identified. The fee review shall consider whether the service is beneficial to the public as a whole or the individual fee-payer.
- Fee amounts shall be proportional to the costs associated with providing the service or program. The full cost should consist of both direct and indirect costs and should be included within the fee amount. Indirect costs shall be captured through overhead rates for each department.

B. Cost Recovery Calculation

City departments with user fees shall determine cost recovery rates based on direct and indirect costs for all fees in order to accurately calculate the cost of providing services regardless of whether all services are deemed to be fully cost recoverable. Indirect costs shall include allocated central support services costs (IT, risk management, fleet assignment and usage fees, etc.).

Fees shall be annually adjusted to maintain the cost recovery level. Departments with user fees shall be responsible for developing cost recovery rates for their respective user fees in accordance with the cost

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recovery levels described in this policy. User fees that do not meet the criteria for Categories II and III shall be developed to achieve full cost recovery (Category I). Where appropriate, departments may initiate a multi-phase approach to achieve a targeted cost recovery rate.

Different methods of adjustment are acceptable such as using a Consumer Price Index (CPI), State and Local Implicit Price Deflator, Municipal Cost Index, or other inflators. It is recommended that, if applicable, a CPI inflator be used for setting or revising the City's user fees.

C. Frequency of User Fees Cost Studies

User fees shall be updated annually as a part of the budget process based on CPI inflation estimates or other annually adjusted inflators until the next comprehensive user fee study is undertaken.

A comprehensive user fee study and a review of this proposed User Fee Policy shall be conducted every three years. The user fee study should include the extent and scope of study as well as the level of participation of responsible departments. Any major changes to fees shall be implemented prior to the adoption of the annual budget for the following fiscal year.

The following factors shall be taken into account during a comprehensive user fee study:

- Whether service costs are covered by revenues received.
- Whether fees cover costs and generate excess revenue that supplement other services.
- A comparison of fee levels for similar services provided in other jurisdictions.
- An analysis of all relevant costs involved including direct and indirect costs.

Any proposals for new or revised fees shall be first approved by the Chief Operating Officer. The fee proposals then shall be reviewed by the Budget and Finance Committee with subsequent approval by the City Council. Any such proposals shall include the purpose of the fee (if new); justification for implementation or revision; the fee amount and annual revenue; annual cost; the methodology and level of cost recovery; the nature and extent of the benefit to the fee-payers; and other relevant information.

The City's Administrative Regulations related to user fee charges shall be revised by including all the requirements of this User Fee Policy and shall include procedures for implementing new fees or revising existing fees.

D. Public Input and Availability of Fee Information

When fees are revised, data indicating the proposed fee, the estimated cost required for providing the service, and the estimated amount of revenue shall be available to the public prior to the City Council meetings through the docketing of the report for the Council agenda. The City Clerk shall post an updated schedule of all fees on the City's internet site on July 1st of each year. The City Clerk shall also make available to the public a fee rate book that shall be located in the Office of the City Clerk.

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This policy shall replace Council Policy 100-05 (“Fees - Public Notification”) adopted by the City Council in April 1979.

CONCLUSION:

The purpose of this policy is to provide general guidelines and to incorporate best practices in establishing user fees to ensure that the City adequately recovers costs for services it provides to the public. The User Fee Policy identifies factors that need to be considered in setting fees, the level of cost recovery, and the frequency of comprehensive user fee studies. The key factor of the User Fee Policy is to review and update fees on an ongoing basis to ensure that they keep pace with changes in the cost-of-living as well as changes in methods or levels of service delivery.

HISTORY:

Fees – Public Notification”

Adopted by Resolution R-223244 04/09/1979

Retitled to “User Fee Policy”

Amended by Resolution R-304723 03/20/2009



FOR COMMITTEE OF THE WHOLE: November 17, 2014

SUBJECT: Video Gaming License - terminal fee

RECOMMENDATION/MOTION: Discussion only.

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: Video gaming became legal in Illinois effective September 2012. Several video gaming machines have been placed in our community. The City receives five percent (5%) of net income from the machines as tax revenue. As a home rule community, the City is authorized to enact an additional local licensing fee for these machines. Other communities have enacted license fees from zero to a \$500 license fee plus \$250 per machine. No establishment may have more than five (5) machines. Non home rule communities can charge a fee of no more than \$25 per machine. Communities adopted fees prior to income information becoming available from the State Gaming Board. Said information is now available.

There are certain negative secondary effects from gambling from these machines. Gambling, including video gaming, may result in societal problems – homelessness, crime and other problems. The cost of dealing with these problems falls on our community. Therefore, it is appropriate that gambling's profits be assessed a fee to offset the cost of detriments. Studies regarding the cost/benefit of gambling have been criticized or flawed in one way or another. An exact cost figure will never be achieved. The specific costs attributable to legal gambling are unknown; the City must use its best judgment as to an appropriate fee.

Another factor to consider is the effect of fees on the businesses that have video gaming terminals. The average machine in the City netted \$4,488 during the month of September 2014. (This figure is after taxes and winnings.) As more machines are placed in our community and the novelty of video gaming wears off, this per machine amount would likely decrease in the future.

The proposed requirements for obtaining a license, such as no felony conviction, are similar to the City's ordinance for obtaining a liquor license. It is possible for truck stops and/or veteran's organizations to obtain a state video gaming license without obtaining a liquor license, so these qualifications are listed in the proposed text amendment.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Town of Normal.

Respectfully submitted for Council consideration.

Prepared by: Tracey Covert, City Clerk

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

Legal review by: Jeff Jurgens, Interim Corporation Counsel

Recommended by:

David A. Hales
City Manager

Attachments: Attachment 1. Illinois Gaming Board Video Gaming Report September 2014

ILLINOIS GAMING BOARD
VIDEO GAMING REPORT
Bloomington

September 2014

11/13/2014
10:30 am

Municipality	Establishment	License Number	VGT Count	VGT Wagering Activity			VGT Income			VGT Tax Distribution		
				Amount Played	Amount Won	Net Wagering Activity	Funds In	Funds Out	NTI	NTI Tax Rate (30%)	State Share	Municipality Share
Bloomington	BAYMT, Inc	120702074	5	\$301,758.43	\$281,697.89	\$20,060.54	\$90,948.00	\$70,887.46	\$20,060.54	\$6,018.18	\$5,015.15	\$1,003.03
Bloomington	Betty Ruth & Wayne F. Roley	120708990	5	\$181,286.54	\$165,317.24	\$15,969.30	\$53,774.00	\$37,804.70	\$15,969.30	\$4,790.82	\$3,992.35	\$798.47
Bloomington	Betty Ruth Roley	140703279	5	\$39,012.03	\$36,068.81	\$2,943.22	\$9,269.00	\$6,325.78	\$2,943.22	\$883.00	\$735.83	\$147.17
Bloomington	Bill Hill, Inc.	120706741	5	\$179,194.62	\$165,334.55	\$13,860.07	\$90,062.00	\$46,201.61	\$13,860.39	\$4,158.16	\$3,465.14	\$693.02
Bloomington	Bloomington F.O.E. #527	120807649	5	\$126,138.31	\$120,008.65	\$6,131.66	\$32,529.00	\$26,397.19	\$6,131.81	\$1,839.53	\$1,532.94	\$306.59
Bloomington	Bloomington Lodge No. 745 Loyal Order of Moose	120807123	5	\$260,185.12	\$243,524.61	\$16,640.51	\$65,306.00	\$48,665.49	\$16,640.51	\$4,992.24	\$4,160.20	\$832.04
Bloomington	C & K HOTEL GROUP LLC	120708012	5	\$289,540.11	\$265,134.24	\$24,405.87	\$90,333.00	\$65,927.13	\$24,405.87	\$7,321.82	\$6,101.52	\$1,220.30
Bloomington	C II EAST INC.	120700374	3	\$145,235.46	\$129,657.74	\$15,577.72	\$40,539.00	\$24,961.28	\$15,577.72	\$4,673.30	\$3,894.41	\$778.89
Bloomington	Chromister Oil Company	121007648	5	\$1,084,794.93	\$1,009,896.10	\$74,898.83	\$305,250.00	\$230,351.17	\$74,898.83	\$22,469.72	\$18,724.77	\$3,744.95
Bloomington	COPPER TOP, INC.	120701411	5	\$287,346.37	\$263,735.55	\$23,610.82	\$88,119.00	\$64,508.18	\$23,610.82	\$7,083.31	\$5,902.76	\$1,180.55
Bloomington	David G Dearth	120701356	5	\$301,834.61	\$278,641.62	\$23,192.99	\$91,397.00	\$68,204.15	\$23,192.85	\$6,957.90	\$5,798.25	\$1,159.65
Bloomington	Dublin Bay, Inc.	140700137	2	\$24,215.88	\$21,097.30	\$3,118.58	\$9,705.00	\$6,586.42	\$3,118.58	\$935.56	\$779.64	\$155.92
Bloomington	El Toro Margarita Island, Incorporated	140700204	3	\$39,870.86	\$36,938.98	\$2,931.88	\$10,262.00	\$7,330.13	\$2,931.87	\$879.55	\$732.96	\$146.59
Bloomington	Everlong, Inc.	130705590	2	\$9,986.15	\$8,864.52	\$1,121.63	\$2,386.00	\$1,263.93	\$1,122.07	\$336.65	\$280.54	\$56.11
Bloomington	Fat Jack's, Inc.	120700474	3	\$79,097.87	\$72,584.73	\$6,513.14	\$23,106.00	\$16,592.86	\$6,513.14	\$1,953.96	\$1,628.30	\$325.66
Bloomington	G Cubed, Inc.	120700777	3	\$168,946.40	\$153,832.20	\$15,114.20	\$50,222.00	\$35,107.99	\$15,114.01	\$4,534.22	\$3,778.52	\$755.70
Bloomington	Gill Street Group, LLC	120707425	5	\$184,196.34	\$172,538.36	\$11,657.98	\$60,664.00	\$49,006.02	\$11,657.98	\$3,497.43	\$2,914.52	\$582.91
Bloomington	GS Partners, Inc.	120709987	5	\$372,645.66	\$349,932.91	\$22,712.75	\$114,917.00	\$92,204.25	\$22,712.75	\$6,813.94	\$5,678.28	\$1,135.66
Bloomington	Hurley Consolidated Enterprises, LLC	140701470	3	\$33,765.12	\$31,237.14	\$2,527.98	\$12,926.00	\$10,398.02	\$2,527.98	\$758.38	\$631.98	\$126.40
Bloomington	JAYST, INC.	120702077	4	\$150,809.88	\$141,880.58	\$8,929.30	\$45,594.00	\$36,664.70	\$8,929.30	\$2,678.81	\$2,232.34	\$446.47
Bloomington	John H. Kraus Post No. 454 Veterans of Foreign Wars of the United States	120902173	5	\$494,692.45	\$463,570.03	\$41,122.42	\$127,978.00	\$86,855.58	\$41,122.42	\$12,336.77	\$10,280.64	\$2,056.13
Bloomington	Junction West, Inc.	120702079	5	\$253,414.48	\$232,316.73	\$21,097.75	\$74,762.00	\$53,664.25	\$21,097.75	\$6,329.42	\$5,274.52	\$1,054.90
Bloomington	Keldon, Inc.	120700458	5	\$302,910.65	\$274,101.67	\$28,808.98	\$78,848.00	\$50,039.02	\$28,808.98	\$8,642.70	\$7,202.25	\$1,440.45
Bloomington	KOBE HIBACHI STEAKHOUSE INC.	120712220	4	\$59,247.93	\$55,323.05	\$3,924.88	\$18,941.00	\$15,016.12	\$3,924.88	\$1,177.51	\$981.26	\$196.25
Bloomington	Koeppen Corp	120712723	5	\$282,585.89	\$257,161.44	\$25,404.45	\$82,107.00	\$56,702.51	\$25,404.49	\$7,621.44	\$6,351.20	\$1,270.24
Bloomington	LAKESIDE COUNTRY CLUB, INC.	120710244	4	\$225,909.00	\$203,384.06	\$22,524.94	\$74,316.00	\$51,791.06	\$22,524.94	\$6,757.54	\$5,631.29	\$1,126.25
Bloomington	LKH, Inc.	120700463	5	\$550,575.32	\$518,746.19	\$31,829.13	\$120,259.00	\$88,429.87	\$31,829.13	\$9,548.81	\$7,957.34	\$1,591.47
Bloomington	Martin & Bayley, Inc.	131003834	5	\$711,526.35	\$667,463.45	\$44,062.90	\$208,190.00	\$164,084.84	\$44,105.16	\$13,231.61	\$11,026.34	\$2,205.27
Bloomington	MCO QSR, Incorporated	120700786	5	\$417,160.14	\$387,869.63	\$29,290.51	\$120,044.00	\$90,753.49	\$29,290.51	\$8,787.20	\$7,322.67	\$1,464.53
Bloomington	MUG SHOTS BAR & GRILL, L.L.C.	120706988	3	\$30,544.24	\$27,663.36	\$2,880.88	\$7,505.00	\$4,644.12	\$2,860.88	\$858.28	\$715.23	\$143.05
Bloomington	Mugsy's Pub, Inc.	120700451	5	\$350,134.16	\$324,670.18	\$25,463.98	\$107,121.00	\$81,657.02	\$25,463.98	\$7,639.26	\$6,366.05	\$1,273.21
Bloomington	Old English Inn LTD	120707746	5	\$548,317.25	\$507,897.54	\$40,419.71	\$171,939.00	\$131,519.29	\$40,419.71	\$12,125.95	\$10,104.96	\$2,020.99
Bloomington	Peggy Bateman	120710158	3	\$63,014.74	\$58,686.18	\$4,328.56	\$18,300.00	\$13,971.44	\$4,328.56	\$1,298.60	\$1,082.17	\$216.43
Bloomington	Pheasant Lanes Family Fun Center, LLC	120710898	5	\$393,117.11	\$366,811.94	\$26,305.17	\$116,195.00	\$89,889.76	\$26,305.24	\$7,891.62	\$6,576.36	\$1,315.26
Bloomington	Pilot Travel Centers LLC	121009209	5	\$685,162.37	\$607,305.92	\$77,856.45	\$285,831.00	\$187,935.02	\$77,895.98	\$23,368.84	\$19,474.04	\$3,894.80
Bloomington	Ralben, Inc.	130705917	5	\$236,361.58	\$212,357.21	\$24,004.37	\$75,222.00	\$51,217.71	\$24,004.29	\$7,201.34	\$6,001.12	\$1,200.22
Bloomington	Richard's Services Inc.	120708637	4	\$187,518.14	\$170,876.74	\$16,641.40	\$65,557.00	\$48,915.60	\$16,641.40	\$4,982.49	\$4,160.41	\$822.08

September 2014

Municipality	Establishment	License Number	VGT Count	VGT Wagering Activity			VGT Income			VGT Tax Distribution		
				Amount Played	Amount Won	Net Wagering Activity	Funds In	Funds Out	NTI	NTI Tax Rate (30%)	State Share	Municipality Share
Bloomington	ROKOS, INC.	120710849	2	\$29,860.85	\$27,311.33	\$2,549.52	\$8,744.00	\$6,194.48	\$2,549.52	\$764.90	\$637.41	\$127.49
Bloomington	Sport & Ball Lounge Tavern, Inc.	120706737	5	\$210,118.17	\$193,829.32	\$16,288.85	\$50,431.00	\$44,142.05	\$16,288.95	\$4,866.76	\$4,072.30	\$814.46
Bloomington	T V E O Corporation	120707001	5	\$137,898.23	\$125,592.90	\$12,305.33	\$56,440.00	\$44,135.11	\$12,304.89	\$3,691.51	\$3,076.26	\$615.25
Bloomington	TA Operating LLC	121010652	5	\$412,722.35	\$379,448.47	\$33,273.88	\$103,734.00	\$70,810.32	\$32,923.68	\$9,877.14	\$8,230.96	\$1,646.18
Bloomington	Taken Inc.	130705537	3	\$16,237.06	\$14,539.16	\$1,697.90	\$6,327.00	\$4,625.10	\$1,697.90	\$509.37	\$424.48	\$84.89
Bloomington	TEDJ, LLC	130705788	4	\$168,468.60	\$157,105.41	\$9,363.19	\$50,608.00	\$41,244.81	\$9,363.19	\$2,808.99	\$2,340.83	\$468.16
Bloomington	Tjolo's Corporation	120700234	4	\$76,141.76	\$66,856.96	\$9,284.80	\$24,176.00	\$14,891.20	\$9,284.80	\$2,765.46	\$2,321.22	\$464.24
Bloomington	TREEHOUSE LOUNGE OF BLOOMINGTON, INC.	120700551	5	\$441,600.81	\$417,861.00	\$23,739.81	\$122,393.00	\$98,658.19	\$23,739.81	\$7,122.03	\$5,935.03	\$1,187.00
Bloomington	Twostep, Inc.	130705638	4	\$103,897.06	\$93,103.78	\$10,793.28	\$37,553.00	\$26,559.52	\$10,794.48	\$3,238.42	\$2,698.68	\$539.74
Bloomington	West Side Liquors, Inc.	120707519	5	\$116,116.77	\$107,081.34	\$9,035.43	\$44,521.00	\$35,485.52	\$9,035.48	\$2,710.63	\$2,258.86	\$451.77
Bloomington	Winners Of Bloomington, Inc.	120700441	5	\$413,001.82	\$385,390.14	\$27,611.68	\$103,573.00	\$75,961.31	\$27,611.69	\$8,283.57	\$6,902.98	\$1,380.59
REPORT TOTAL:				\$12,376,075.97	\$11,442,266.85	\$933,809.12	\$3,609,028.00	\$2,675,485.77	\$933,542.23	\$280,064.64	\$233,387.26	\$46,677.38