



## CITY OF PARK RIDGE

### MEMORANDUM

**DATE:** March 5, 2018  
**TO:** Mayor, Alderman, City Clerk & Members of the Public  
**FROM:** Joe Gilmore, City Manager  
**SUBJECT:** **FY19 City Manager Budget Presentation**

The annual budget cycle begins in the summer with strategic planning followed by capital project considerations. This provides the groundwork for compiling the operating budget and preparing to present the proposal to the Elected Officials and the residents. The levy compilation at calendar year-end provides an insightful opportunity for staff and the City Council to review the City's financial position and make some high-level plans and expectations for the coming year.

The Municipal Code identifies certain responsibilities that the City Manager has regarding the budget, which have been met. The FY19 Proposed Budget was distributed to the City Council and posted on the City's website on March 2, 2018. Budget Workshop sessions have been scheduled, as required, and will be held in City Hall Council Chambers on the dates and times noted below. A public hearing has been scheduled for April 16, 2018 immediately preceding the final action to adopt the FY19 Budget. Lastly, Council Policy Statement 40 establishes Target Fund Balances which are identified and addressed in the Budget Scorecard document.

#### **FY19 Budget**

In the winter of 2016, City leadership and the Elected Officials participated in a Strategic Planning process facilitated by members of Northern Illinois University's Center for Governmental Studies. This comprehensive process involved an in-depth study of the City's operations and produced a path forward with thirty-five specific goals to be addressed over the coming years. The goals of the organization were broadly categorized as relating to four key areas: financial stability, infrastructure, technology, and personnel.

These goals, ranked by the Elected Officials in priority order, provided a roadmap and clear direction for City Staff to prioritize our focus and energy. The current year's (FY18) budget was built upon these strategic initiatives and I am pleased to report that we have made significant progress on the top "Tier

1” goals this year. See Appendix A for the status of operational initiatives undertaken in FY18 to support our strategic plan.

As we embarked upon another budget season in the summer of 2017, the first step was for staff and the City Council to perform a strategic planning session. Having completed a formal process less than a year earlier, it was understood and agreed that a review and refresh approach was appropriate. This occurred in a public committee meeting in July 2017. Staff relied heavily on the priorities identified in the strategic plan to build the FY19 Budget. Many initiatives included in the FY19 Budget are a continuation and a “deeper dive” into goals pursued in FY18, while others equate to strategic goals that move beyond our initial Tier 1 list.

#### Key highlights within the FY19 Proposed Budget:

##### Financial Stability

- Uptown TIF Fund covering 90% of related debt obligation (significantly reducing Levy dependence)
- Incorporate second consecutive Levy funding reduction without cutting key services or operational quality standards
- Cautiously spend down excess fund balance, ensuring the ability to react to potential cuts in state funding and address infrastructure, facility and staffing needs while minimizing need to acquire new debt
- Enhance Economic Development efforts to include branding initiative and gateway signage

##### Infrastructure

- Increase water main replacement in accordance with infrastructure plan
- Maintain increased sewer lining
- Pursue Uptown TIF Streetscape phase 2 w/ITEP grant support
- Address City building deferred maintenance – public works service center, police space and life safety -- \$1.5M

##### Technology

- Community Preservation & Development enterprise-wide software (EnerGov) implementation
- Implement Advanced Metering Infrastructure (automated water meters) with three year rollout
- Upgrade the audio visual capabilities of the City Hall Council Chambers
- Initiate City Website redesign and upgrade project
- Body worn camera pilot and initial rollout

##### Personnel

- Expand City-wide fleet management initiative
- Incorporate components of the FY18 compensation study including expanded wellness program, training and tuition reimbursement
- Undertake retention and recruitment initiatives that reduce turnover of high-performing employees

## Financial Review

		FY16 Audited	FY17 Audited	FY18 Forecast	FY19 Proposed Budget
General					
	Revenues	36.1 **	31.6	33.1	32.4
	Expenditures	29.9	29.4	32.9	35.9
	Surplus (Deficit)	6.2	2.2	0.2	(3.5)
	Fund Balance (unassigned)	16.3	18.5	18.7	15.2
	Target Fund Balance	7.2	7.2	7.5	7.9
All Funds					
	Fund Balance	38.8	46.5	50.0	42.8
		Dec 2014	Dec 2015	Dec 2016	Dec 2017
Tax Levy		21.7	21.9	20.1	18.3
	Change from Prior	+22.2%	+1.1%	-8.1%	-9.0%

*\*\*includes non-recurring sale of capital assets*

The FY19 Proposed Budget includes a General Fund deficit of \$3,547,928. This is the result of a conscious decision to responsibly reduce our fund balances on initiatives that support the strategic goals of the organization.

December 2017 saw a 9% reduction in the tax levy – representing back-to-back decreases after a period of ten + years without a reduction.

The combined impacts of tax levy reductions and financially responsible spending on infrastructure, technology and personnel make a material move toward aligning our target and actual fund balances. While several funds have balances in excess of policy requirements, it is understood that a measured draw down is prudent given additional deferred infrastructure projects and an uncertain State of Illinois funding climate. The next few years will see the General Fund and Enterprise Funds surplus methodically reduced, while still meeting or exceeding the Target Fund Balance.

### Budget Workshop Sessions

Three budget workshop sessions have been scheduled at City Hall on March 7, March 14, and April 11. The public is welcome and encouraged to attend these sessions along with, as always, any Committee or City Council meeting.

The workshops are scheduled for three hours each, beginning at 6:00 PM with a hard stop at 9:00 PM. Elected Officials have the opportunity to submit any additional items or changes to the FY19 Proposed Budget in advance (preferably) or at the beginning of each workshop session. Additional research and/or additions or changes to the FY19 Proposed Budget will be pursued by staff with consensus from Council.

## **Conclusion**

The FY19 budget preparation process was the most comprehensive in recent years. The introduction of a formal forecast model, constructed and reviewed with Department Heads on a quarterly basis, was a great tool. City Council provided their vision and priorities for the organization in the 2016 Strategic Planning process and it was Staff's intent to build the FY19 Proposed Budget in a manner that supports that vision.

Staff is looking forward to the budget workshop sessions and an opportunity to review and justify the proposed budget by department and fund. I am confident that when we reach the hearing on April 16 we will have jointly constructed a document that strategically positions the City for success, now and into the future.

Special thanks to the Department Heads for their diligence in preparing the budget and to all Finance Staff, especially: Andrea Lamberg, Finance Director; Jose Ponce, Financial Analyst; and Vanessa Wells, Senior Administrative Assistant.

Strategic Planning -- Goals & Objectives		FY18 Budget Initiatives					
Goal ID	Goal Description	Lead Department	Initiative	Status			Goal Cross-Reference
				Q1	Q2	Q3	
Short-term Complex							
STC1	Establish and fund a stormwater utility and funding of stormwater projects a. Identification of flood projects resulting from master planning underway b. Explore/discuss/determine funding options (SSA's, utility model, financing, etc.) for stormwater projects						
		Finance	FTE reclass to Utility Billing	Completed	Completed	Completed	STR2, STR3, STR4, LTC1, LTR1
		Finance	Upgrade to Tyler Utility CIS platform	In process	Completed	Completed	STC2, STR3, LTC1, LTC3
		Finance				Research conducted to determine how ERU will be updated and maintained for SWU fee. ERU maintenance requires Building Department review during builds and rehabs. Utility Billing staff will maintain ERU files in the CIS billing system, based on updated info provided by CP&D.	LTC1
		PW	Increase annual sewer lining	In process - developing project list	Project list developed; working on specs	Bid awarded and extra work negotiated to budget amount	STR1, LTC1, LTC2
		PW	Complete stormwater master plan	Determined that projects designed to alleviate basement back-up would not be included in the study	Developed conceptual level projects to alleviate overland flooding; consensus was reached to design for 100-year protection when possible	Master Plan to be presented at the February PW COW	STR2, LTC2
STC2	Improve technological infrastructure at City Hall/ enhance technology in all departments. Undertake an IT comprehensive strategic plan. a. Explore building function, permitting technology b. Implement and expand use of online technology for transactions, meter reads, payables, receivables, etc. c. Move toward a digital office – replace planning and development software that integrates with finance d. Implement applicant tracking software in HR						
		Admin	City-wide fleet management initiative	Researching options	Vendor selected. Rollout planned for Q3	Fleet management equipment on 25% of City owned fleet	STR4, LTC3
		Admin	HR recruiting and automation software	Future TBD	Future TBD	Future TBD	STC4, LTC3, LTR1
		CP&D	Enterprise software upgrade to Tyler EnerGov	Project in process - kick-off meeting held in May	Three-day installation in Aug; GIS coordination and database modifications, Aug-Sep; "homework" received and site visit scheduled for Dec	Dec consultant visit completed; homework completed. Rcvd schedule for remainder of implementation--target date set for Oct 2018	STR3, LTR1
		CP&D	Tablets for field inspectors	Future tbd - secondary to EnerGov conversion	Quotes received, funds encumbered from FY18 budget, awaiting EnerGov rollout	Same as Q2	STR3, LTR1
		Finance	Upgrade to Tyler Utility CSS platform	Testing/Pilot complete with rollout in August 2017	Rollout plans picked back up in October upon return of Finance Director	Completed "soft opening" Q2, Q3 and into Q4 advertising to encourage participation.	STR3, STR4, LTC3
		Fire	Additional life support equipment (defibrillator)	Future tbd - secondary to rescue SUV purchase	Completed	Completed	STR3
		Fire	City AED (defibrillator) software implementation			Completed	STR3
		Fire	Roll out the use of new CAD system in order to improve service delivery			Completed	STR3, LTC3
		Police	Social media enhancements	Completed	Completed	Completed	STR3, STR4
		Police	Automate eTickets	Future TBD	Quote obtained	Researching County portal. Plan to bring recommendation to Feb COW.	STR4

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		Police	Improve staff/communications			Completed. Registered and trained volunteer corps on the use of Nixle for callouts	STR3, LTC3, LTR1
		PW	Data collection for PW			GIS field inventory for sewer lining, signs, street resurfacing, sidewalks, thermoplastic survey	STC1, STR1, STR4, LTC2, LTC3, LTR1
		PW	Data collection for Forestry			Microsoft Surface field surveys that download to base computer in admin.	STC4, STR1, STR4, LTC3, LTR1
STC3	Examine/rethink focus of the Community Preservation & Development Dept. 1. Examine expanding / clarifying role of economic development 2. Consider staff with primary focus						
		CP&D	Economic Development program initiative	Website enhancements in process, researching possible vendors	Met w/ broker, discussed format and protocols. Business Start-Up Guide re-written.	Researched format for web Econ Dev page; coordinating with American Eagle for implementation; format for sheets advertising available commercial properties finalized; Contacted consultant with request for quote on ED research and analysis. Initiated program to have staff meet with potential business in their due diligence phase.	STR3
		CP&D	Add two additional on-call inspectors	Completed	Completed	Completed	STR3, STR4, LTR1
		Various	WGN TV live broadcast/Park Ridge showcase	Completed	Completed	Completed	LTR2
STC4	Address Human Resources & Organizational Development Needs a. Develop bench strength b. Succession planning c. Conduct professionally administered compensation study/compression d. Develop path to improve morale e. Reduce employee turnover f. Address compensation and compression needs in public safety and other departments						
		Admin	HR increase one FTE	Future TBD		Deferred to FY19	STR4, LTR1, LTC3
		Admin	Salary survey initiative	RFP recommendation back to COW on 7/24	In progress. Employee questionnaires complete. On-site visit planned for early November. On track for Q3 completion	Completed. Compensation plan presented to Council on 1/22/2017. Select components to be rolled out with FY19 Budget	LTR1
		Admin	Employee Appreciation Summer Luncheon (new event)		Completed	Completed	STR3, LTR1
		Finance	Cross training - all main functions	Ongoing		Plan is in place to complete cross training for all main functions to facilitate an easier transition in the event of turnover (succession planning). This also improves morale by reducing employee stress when they are out of the office for planned (vacation) or unplanned (illness) reasons.	STR3, STR4, LTR1
		Finance				New staff hired in Q3 brought on with guidance from Compensation Study to ensure competitive pay and improve retention. Roles, duties and workload assessed during all staff transitions to equalize workload.	STR3, STR4, LTR1

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		Fire	Increase three FTE to staff Rescue SUV	Search underway w/BFPC reviewing candidates	Completed. 3 new FF/PM started 10/02/2017	Completed. 3 new FF/PM started 10/02/2017	STR3, STR4, LTR1
		Fire	Rescue SUV fleet addition	In process -- reviewing specs	In progress. Approved at 10/09 COW. City Council approval expected 10/16	Delivery date -- February 2018	STR3, STR4, LTR1
		Fire	Fire house investment (roof repairs)	Future TBD	In progress. By January working with J. McGuire. Specs expected 10/13	Cancelled 07/22/2018. More cost effective to wait for complete roof replacement	STR1, LTC2
		Fire	Develop "bench strength"	Ongoing	Ongoing	Ongoing	STR3, STR4, LTR1
		Police	Increase three FTE for records management and sworn coverage	Records positions filled, Officer search underway	One Officer in the Police Academy, remaining search underway	One officer in field training; two officers in the Police academy, backgrounds being performed on 3 additional candidates.	STR3, LTR1
		Police	DOJ grant - develop Community Advisory Board	In process -- grant 1/2 complete with CAB seated	Meetings Continue	Have paid final invoice and have requested reimbursement from DOJ. Waiting on final report from UIC.	STR3, STR4, LTR1
		Police	Increase hiring options			Completed. Developed and initiated lateral hire program.	STR3, STR4, LTR1
		PW	Training employees for supervisory positions due to upcoming retirements	Ongoing	Ongoing	Employees sent for Water, Forestry, Engineering test. Crew Leaders being trained for supervisory positions.	STR3, STR4, LTR1
		PW	Snow command training			Looking at all snow plans/resources and manpower issues; reformatting in certain instances	STR3, STR4, LTR1
Short-term Routine							
STR1	Create an overall infrastructure plan a. Roads, sidewalks, curbs, lighting b. For both short-term and long-term capital needs c. Expand our sewer lining program and lengthen service life of sewer facilities						
		Police	Upgrade city generator for enhanced radio support	Developing specs	Approved and purchased	Completed	LTC2, LTR4
		PW	Resurface City Hall parking lot	Planning stage underway - bid opening in August	Completed	Completed	STC4, STR3, LTC2, LTR1
		PW	Paint City Hall exterior	RFP complete, vendor selected	Completed	Completed	STC4, STR3, LTC2, LTR1
		PW	City Hall HVAC upgrades	In process - Q2 completion	Design in progress for new HVAC for Council Chambers	Plans expected soon and will go out to bid in the spring	STC4, LTC2
		PW	Increase annual water main replacement	In process - designing projects	Construction of Touhy and Florence underway; design of next projects complete for bid in November	Design completed and will go out to bid soon. Construction will overlap the fiscal year. Touhy Ave. still awaiting IDOT approval.	STC1, LTC1, LTC2
		PW	Overall Infrastructure Plan Development		In progress	Completed	STR2, LTC2
STR2	Continue to emphasize financial stability and fiscal management a. Within realm of community as a whole (beyond stormwater management needs) b. Continue to improve financial strength and improve bond credit rating c. Forecast funding needs of the City's internal service funds that have been depleted since 2008						
		Admin	Increase MERF and IT Replacement funding	Completed	Completed	Completed	LTR2
		Finance	Quarterly forecast reviews with Dept Heads/key staff	Ongoing	Q1 reviews completed and Q2 are in progress and will be completed in October. Will be ongoing.	Q3 completed in conjunction with FY19 proposed budget. Q3 forecast is included with City Manager's budget proposal.	LTR2
		Finance	Reduce insurance expense budget and claim exposure	Ongoing	Ongoing. Quarterly meetings held with CCMSI and department heads to discuss status and strategy.	Going out to bid for new insurance carrier due to HELP dissolving on 4/30/18.	LTR2

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		Finance	MERF analysis and funding needs	In process	Funding analysis completed Q2. FY19 capital plan will be presented at October COW and MERF analysis and funding needs will be incorporated into the FY19 operating budget.	Long term needs analysis for MERF completed. Long term funding needs analysis completed. Ongoing analysis incorporating this funding into budget will occur annually as part of the budget process.	LTR2
		Finance	IT Replacement fund analysis and funding needs	Future TBD	In process	Same as above. Only completed for 5 years due to IT needs and technology changing at a rapid pace.	LTR2
		Finance	Audit Service & Citation fee RFP	In process	Audit service completed FY17. Citation RFP completed Q2. New citation vendor implementation in process.	Citation RFP completed. Vendor transition in progress and expected to be completed in Q4.	STC2, LTR2
		Finance				Accounting method of property tax recognition changed to align December Levy with upcoming fiscal year revenue. This will significantly reduce property tax "timing" issues and improve City's ability to forecast revenue.	STR4, LTR2
		Finance				Research conducted on changing fiscal year to calendar year. This change would align budget process with levy process, better align fiscal year with capital projects (reduce carry over for projects that start in spring and cross fiscal years), aligns tax and payroll year with fiscal year, provides efficiencies to payroll and accounting staff.	STR4, LTR2
STR3	Improve external customer service to residents.						
		CP&D	Document and guideline review and revisions for clarity	In process	New info packet and application for zoning variations on line; three additional bldg permit application guidelines on line; five others under final review and new drafts of three more started	Continued revising guidelines for on-line use; new applications and procedures are part of EnerGov software discussions. Identified business licence and certificate of occupancy procedures for revision.	LTC4
		Finance	Finance cashier area redesign	Planning stage underway	Ongoing. Initial design complete which will be forwarded for life/safety review. May be wrapped into life/safety review due to ADA requirements required in redesign.	Project requires ADA compliance. Currently pending additional research, and possible incorporation into Life Safety plan.	LTR1
		Finance				In conjunction with UB CIS and UB CSS implementation, Utility Billing has revised layout and content of information on the back of utility bills, on the City Web Site and on the "How to Read your Water Meter" document to provide better clarity and information to residents.	STR4
		Fire	Identify and utilize off-duty FF for fire inspections; attempting to add OT for fire inspection work in upcoming budget	Ongoing	Ongoing	Ongoing	STC4, LTR1, LTR4
		Police	Upgrade volunteer support trailer	In process - quotes obtained and being reviewed	Completed. Purchase made, trailer delivered.	Completed	STC4, LTR1
		Police	Enhance connection to schools and community youth.			Ongoing. Developed pilot middle school SRO program.	STR4
		PW	Cross-training administrative assistants to work in both areas of Public Works; attempting to add part-time administrative assistant in upcoming budget	Ongoing	Ongoing	Ongoing	STC4, LTR1

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Goal ID	Goal Description	Lead Department	Initiative	Status			Goal Cross-Reference
				Q1	Q2	Q3	
		PW	Communication			Trained several employees regarding typical customer service questions	LTR1
STR4	Work to take a broader view of problem solving and alternatives a. Explore/consider actions that include breaking silos, and traditional problem solving b. Work to improve Council rapport and stability						
		Finance				Exploring crossover with new Procurement Officer and requisition process to ensure continuity between the two functions.	STC4, LTR1
		Fire	Improve use of social media and other communications	Ongoing	Ongoing	Ongoing	STC2, STR3, LTC3
		Police	Enhance connection to community youth.			Completed. Conducted 2 new citizen police academies for youth (Teen and Project Unify)	STR3
		PW	Life safety/police space study	Study underway	Ongoing; draft received	Completed. Select components to be rolled out with FY19 Budget	STC4, STR3, LTR1
Long-term Complex							
LTC1	Manage our stormwater utility master plan; the stormwater utility will be up and running and initial multi-year projects functioning within a fair framework flood program that works						
LTC2	See installation phase/construction begin on portions of our long-term/ adopted infrastructure plan						
LTC3	Improve technology according to our long term/IT plan a. Move to more proactive financial reporting and tracking, including technology upgrades, etc., to produce decision-making data b. Take steps to move to an entire digital flow in community development, planning, and inspections including digital storage and retention c. Move to a paperless HR recordkeeping system from recruitment to day-to-day, benefits, performance evaluation						
		Finance	Improved/proactive financial reporting and tracking		Ongoing - Brian and Jose are researching use of Munis "CUBES" for enhanced reporting.	Project still in planning phase. Due to staff transition (lead on project resigned) waiting to hire Assistant Finance Director to pick this project back up.	STR2
		Fire	Improve response times through technology/new CAD			Completed	STC2
LTC4	Complete a re-write and update the City's zoning code a. Carefully structure zoning to prevent ill-fitting structures in areas that don't conform/aren't similar						
		CP&D	Develop and codify municipal/zoning updates	Ongoing	Still compiling list of issues with current ordinance. Will prioritize and send to P&Z.	Provisional list completed. Will discuss with P&Z at Jan '18 meeting for prioritization.	STR3
Long-term Routine							
LTR1	Continue to build institutional knowledge, staff depth, skills and strategy on how to "evolve" the organization for the future a. Be willing to break or flex the model on how to serve the community b. Solidify a collaborative council staff relationship – will achieve more through cultural shift!						
		CP&D	Shift composition and expertise of department staff for efficiency	Ongoing	Largely accomplished with three new hires. FT electrical inspector now PT; PT general inspector now FT. New Env Health Officer	Role of license/permit tech being evaluated for dept efficiency; anticipate change in responsibilities due to new software; will seek slightly different skill set with new hire.	STR3, STC4

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Goal ID	Goal Description	Lead Department	Initiative	Status			Goal Cross-Reference
				Q1	Q2	Q3	
		Finance	Build/maintain institutional knowledge and staff depth		Staff transition from promotion of FD to City Manager resulted in the promotion of AFD to FD and Sr Acct to Acct Mgr. This maintains institutional knowledge within the department and retained quality employees.	Payroll Specialist promoted to Accountant to maintain continuity and institutional knowledge. Q3 saw the resignation of two key staff: Procurement Officer and Accounting Manager. A qualified governmental accounting temp is being brought on to provide coverage to ensure work stays current and audit preparation stays on schedule.	STC4, LTR1
		Finance				Reviewing municipal code and Council Policy statement. Revising as needed for efficiency, best practice and ensure continuity between all documents.	STR4
		Fire	Build staff depth	Ongoing	Ongoing	Ongoing	STR3, STR4
LTR2	Increase/enhance our financial stability - reduce TIF debt - prepare for any adverse impacts or changes due to State of Illinois factors						
		Finance	Monitor activity at the state level so City can respond proactively	Municipal revenue update provided to Council/public at 7/24/2017 F&B COW	Ongoing	Ongoing	STR2
		Finance	Enhanced review of TIF			Updating long term Uptown TIF forecast to incorporate changes made since last long term study (resegmented PINS, Property Tax Abatement, changing EAV). Preparing for conclusion of Dempster TIF.	STR2
LTR3	Strengthen our identity, uniqueness, branding, and gateways – a. Create a brand/signage/improvements to enhance awareness that you "now you're in Park Ridge" b. Install better street lighting and street signage "identify at Park Ridge"						
		PW	Parking signage with PR branding		Rollout underway	Completed	STC3
LTR4	Explore integration of elements of Fire & Police Departments, and inspector and inspection services/work to establish cross-trained staff						