



## CITY OF PARK RIDGE

### MEMORANDUM

**DATE:** February 20, 2019  
**TO:** Mayor, Aldermen, City Clerk & members of the Public  
**FROM:** Joe Gilmore, City Manager  
**SUBJECT:** **FY20 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 public. 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. While it is my responsibility to prepare and submit to the City Council a proposed budget for the City, this was once again a group effort, and the budget was made available on the City's website on February 16, 2019. Budget Workshop sessions have been scheduled, as required, and will be held in City Hall Council Chambers on February 20, March 6, and March 20. A public hearing has been scheduled for April 3, 2019 immediately preceding the final action to adopt the FY20 Budget. Lastly, Council Policy Statement 40 establishes Target Fund Balances which are identified and addressed in the Budget Scorecard document.

#### **Current Year (FY19) overview and historical perspective**

The current year's budget identified several goals which at the highest level can be summarized as: maintaining a fiscally responsible organization that values customer service, technology initiatives, infrastructure investment and high-performing personnel.

The FY18 and FY19 budgets and levy requests were constructed with the intention of reducing excess fund balances in the General Fund and elsewhere through a multifaceted approach. This included a commitment to reduce our property tax levy, which we have done – December 2016 (-8.14%), December 2017 (-8.99%), December 2018 (-10.10%). The overall City levy has gone from \$21.9M (2015) to \$16.5M (2018), a reduction of \$5.4M (-24.7%).

Simultaneously City Staff ramped up spending on key technology enhancements, infrastructure projects, and employee centric programs. A brief overview of some of the key initiatives in each category follows.

### Technology

- Council Chambers/PEG channel audio visual upgrades (*complete*)
- EnerGov CP&D software implementation (*materially complete*)
- City-wide automated meter reading (AMI/AMR) upgrade (*approval pending*)
- Automated parking pay stations installed at Uptown and Dee Road train stations (*complete*)
- Access control functionality at City Hall and Fire Stations (*project in process*)

### Infrastructure

- Uptown Streetscape project on Northwest Highway (*complete*)
- City Hall life safety and police space projects
  - Renovate women's locker room (*in process*)
  - Rebuild report writing/break room (*in process*)
  - Detective relocation to renovated second floor office space (*complete*)
  - Installation of fire suppressing sprinkler system (*design complete, approval pending*)
- Public Works Service Center
  - Parking deck repair (*in process*)
- Security camera system upgrades – Uptown and Dee Road train stations (*complete*)
- Increased investment in sewer lining / water main replacement (*in process*)
- Stormwater Master Plan (*complete, initial projects being designed*)

### Personnel – motivation and retention

- Enhanced wellness program (*established*)
- Tuition reimbursement program (*established*)
- Alternate recruiting methods – public safety (*established*)
- Compensation study review and select implementation (*in process*)

The combination of levy reductions and increased spending that is in line with our Strategic Plan is having the desired impact on the fund balances. The General Fund balance has been systematically reduced, from \$21M (FY18), to \$17M (FY19 Forecast), to \$13M (FY20 Proposed Budget). While still exceeding the target fund balance the FY20 proposal is much closer to the requirement and moving in the proper direction.

### Strategic Planning

The Strategic Plan, developed collaboratively with Senior Staff and the Elected Officials, served as the basis for the FY18, FY19, and FY20 Budgets. Each year Staff is able to delve deeper into the strategic priorities, initially in FY18 taking on the top half of the ranked goals (referred to as “Tier 1” goals). In FY19 the list expanded to include the “Tier 1” goals and some half a dozen more. FY20's Proposed Budget goes a step further, encompassing 85% of the Strategic Goals that were identified in our strategic planning sessions.

Looking ahead the plan is to revisit the Strategic Plan in the summer of 2019, after the City Council is seated (post-election). This process will be facilitated by a third party with the goal of updating the 2016 plan with new viewpoints and priorities that have surfaced in recent years.

## **FY20 Budget**

The FY20 Proposed Budget is consistent with our intent to work the Strategic Plan. Staff remains committed to technology, infrastructure, financial stability, customer service and personnel. Having accomplished a great deal in FY18 and FY19, this budget proposal encompasses more strategic goals.

It is worth noting that a look ahead also makes it clear that current spending levels, in the General Fund and elsewhere, are not sustainable. This is especially true with the drastic reduction in the City's levy over the past three cycles. In order to converge on a sustainable operating model, future budget years will likely see lower spending levels and manageable levy increases.

### Key highlights within the FY20 Proposed Budget:

#### Financial Stability

- Uptown TIF Fund covering 90% of related debt obligation
- IT Replacement and MERF funding consistent with requirements per funding models
- Update the City's Comprehensive Plan
- Expand Economic Development and Business Retention program
- Cautiously spend down excess fund balance in accordance with Strategic Plan priorities

#### Infrastructure

- Maintain increased sewer lining and water main replacement spending
- Public Works Service Center facility upgrades
- Address City building deferred maintenance – public works service center, police space, life safety, and fire stations

#### Technology

- CP&D department expanded use of EnerGov
- Continue to move toward a digital office
- Increase on-line bill pay options for residents
- Expand use of Body Worn Cameras and Tasers
- Implement Advanced Metering Infrastructure (automated water meters) with three year rollout
- Initiate City Website redesign and upgrade project

#### Personnel

- Enhance City-wide fleet management reporting
- Police space and Life Safety working condition upgrades
- Continue to incorporate components of the FY18 compensation study including expanded wellness, training and tuition reimbursement
- Reorganize Forestry / Grounds Division to provide improved service and development opportunities

## Financial Review

		FY17 Audited	FY18 Audited	FY19 Forecast	FY20 Proposed Budget
General					
	Revenues	31.7	33.3	30.8	31.2
	Expenditures	29.4	31.2	33.1	35.8
	Surplus (Deficit)	2.3	2.1	(2.3)	(4.6)
	Fund Balance	18.5	21.0	17.6	13.0
	Target Fund Balance	7.6	7.8	8.0	8.4
All Funds					
	Fund Balance	41.5	46.3	36.4	28.7
		Dec 2015	Dec 2016	Dec 2017	Dec 2018
Tax Levy		21.9	20.1	18.3	16.5
	Change from Prior	+1.07%	-8.14%	-8.99%	-10.10%

The FY20 Proposed Budget includes a General Fund deficit of (\$4.6M). This is the result of increased spending and transfers to Internal Service Funds (specifically Information Technology Replacement Fund and Motor Equipment Replacement Fund) as needed for the long-term health of the organization.

### **Budget Workshop Sessions**

Three budget workshop sessions have been scheduled at City Hall on February 20, March 6, and March 20. 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 FY20 Proposed Budget in advance (preferably) or at the beginning of each workshop session. Additional research and/or additions or changes to the FY20 Proposed Budget will be pursued by staff with consensus from Council.

### **Conclusion**

The FY20 budget process was highly collaborative and informed. The organizations financial acumen has increased dramatically in recent years, thanks in large part to a timely and robust forecasting process, with buy-in from the Department Heads.

Staff is looking forward to the budget workshop sessions and an opportunity to review and justify the proposed budget by department and fund. I feel strongly that the budget being presented, and ultimately the final product, will be consistent with our strategic priorities and in the best interests of the residents and key stakeholders of Park Ridge.

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