



CITY OF PARK RIDGE

MEMORANDUM

DATE: February 19, 2020
TO: Mayor, Alderman, City Clerk & members of the Public
FROM: Joe Gilmore, City Manager
SUBJECT: **FY21 City Manager Budget Presentation**

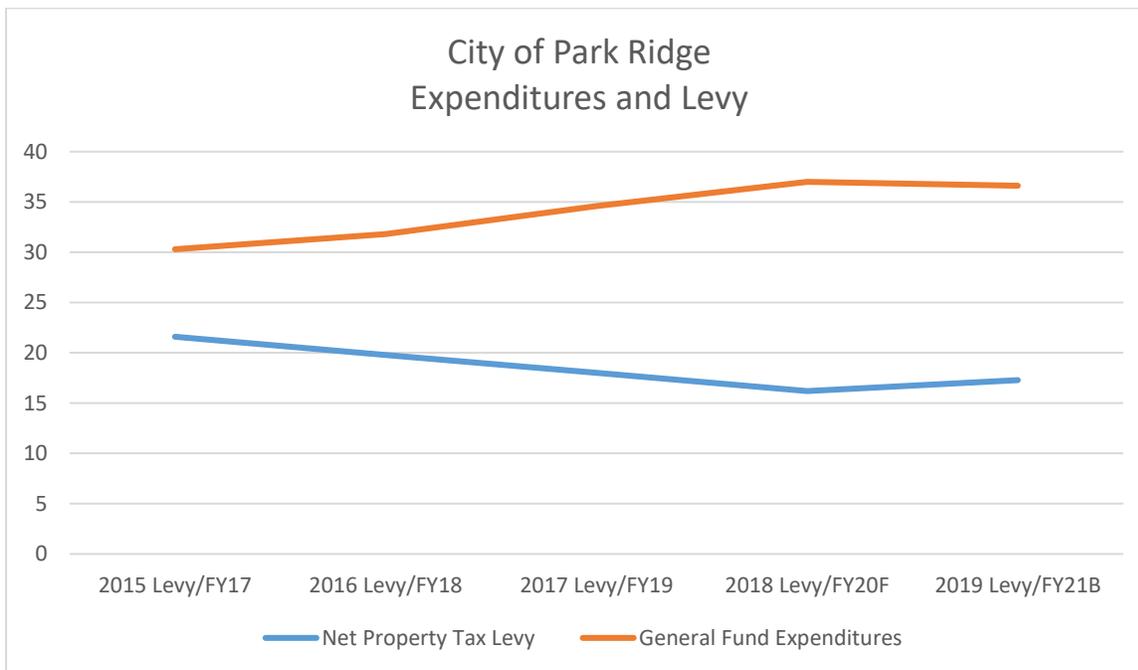
As in year's past, the annual budget cycle began in the summer with a Strategic Plan refresh and Capital Improvement Plan which was approved by the City Council in early November. These components provide a road map and framework for constructing the operating budget, which Staff is prepared to present to the Elected Officials and public over the next month. 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 truly a group effort, and the budget was made available on the City's website on February 14, 2020. Budget Workshop sessions have been scheduled, as required, and will be held in City Hall Council Chambers on February 19, March 5, and March 18. A public hearing has been scheduled for April 6, 2020 immediately preceding the final action to adopt the FY21 Budget. Lastly, Council Policy Statement 40 establishes Target Fund Balances which are identified and addressed in the Budget Scorecard document.

Property tax levy and historical perspective

Prior to considering the proposed FY21 Budget, it is important to understand the current and recent financial position of the City. In FY17, through a combination of levy increases and restrained spending, the City had achieved fund balances in excess of the targets established by policy. Strategic planning determined that excess fund balances would be drawn down methodically, through a combination of levy reductions and increased spending on deferred infrastructure and value-added projects. The next three years budgets followed this course and the City was able to provide levy reductions as follows: December 2016 (-8.1%), December 2017 (-9.0%), and December 2018 (-10.0%). During this period we also increased spending on infrastructure projects (city buildings, water main replacement, sewer lining, etc.), technology upgrades (EnerGov enterprise solution, public access audio visual enhancements, on-

line bill pay options, etc.) and personnel (compensation study implementation, wellness programs, and retention efforts). The plan to reduce the levy and increase spending on projects to benefit the long-term health and vitality of the City is having the desired effect on the excess fund balances. As anticipated and cautioned by Staff in public levy discussions in December 2016, 2017, and 2018 – eventually the levy would need to increase to sustain operations. Deficit spending is appropriate when excess fund balances exist, but collecting less than we need to cover operations is not a viable long-term scenario. In December 2015 the City and Library levy was \$21.6M. The levy was reduced to \$16.2M by December 2018. These reductions equate to reduced property taxes collected by the City of Park Ridge of nearly \$11M.



As logical and “pain-free” as it was to reduce the property tax levy and increase spending on high-value projects, we now find ourselves converging on fund balances in line with policy in the near future. Operations were partially funded from excess fund balances that no longer exist. As such Staff has been focused on slowing our spending to align with long-term sustainable levy reliance, continuously seeking out new revenue opportunities, and resizing the levy for the quickly approaching realization that there are no excess fund balances to rely on.

I’m pleased to report that the FY21 Proposed Budget takes a significant step toward striking that proper balance. The approved December 2019 levy increased 6.4%. While levy increases are unpleasant and strongly debated by Staff and the Elected Officials, the long-term health of the organization depends on proper levy funding. The December 2019 levy of \$17.3M is \$4.3M (-19.9%) less than the December 2015 levy. As the remaining excess fund balances are utilized, there will be future levy increases necessary which Staff is working hard to minimize.

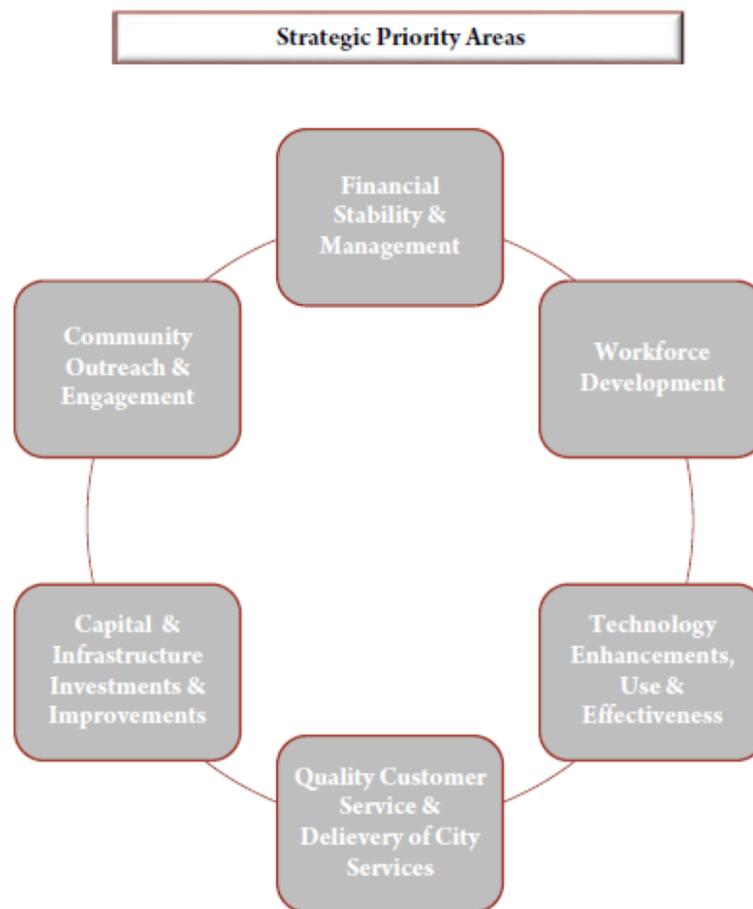
Strategic Planning

In the winter of 2016, Senior Staff and the Elected Officials completed a comprehensive Strategic Planning process under the guidance of Northern Illinois University's (NIU) Center for Governmental Studies.

The process yielded a ranked list of 35 goals which were used as the basis for the FY18, FY19, and FY20 Budgets. Significant progress was made on over 85% of the goals identified which is well documented in the current and prior budget books and regular updates to the City Council.

From August to November 2019, Staff and the City Council completed a Strategic Plan Refresh. This was important as four of the seven Aldermen were new to the Council since the 2016 Strategic Plan was created. The process included individual interviews with the Elected Officials, Senior Staff sessions, and two public workshops – again all at the direction of NIU's Center for Governmental Studies. The full Strategic Plan is available on the City's website and lists 24 individual goals which have been priority ranked by the Elected Officials.

The new plan is not a drastic departure from the 2016 plan, and NIU personnel categorized the goals into six key strategic priority areas:



The FY21 Proposed Budget, along with the next several years' budgets, will be built on these six strategic priority areas.

FY21 Budget

The FY21 Proposed Budget has been a collaborative effort amongst Senior Staff with the intent to slow deficit spending while maintaining critical operations and enhancements as guided by the Strategic Plan.

Financial Stability & Management

The proposed budget proactively manages spending across all funds. As noted above, this is a transition year as we move from excess fund balances facilitating deferred spending, to a sustainable financial model. We have the ability to subsidize operations with fund balances for one or two more fiscal years. The FY21 Proposed Budget seeks to increase future year revenues through economic development, e.g. hotel on Higgins Rd, and reduce spending (FY20 Revised Budget had a general fund deficit of (\$5.9M) and FY21 Proposed Budget has a general fund deficit of (\$2.0M).

Also being considered are changes to the City's fiscal year to streamline levy funding and project planning.

Workforce Development

The needs of the organization and individual departments were reviewed and adjustments are proposed. Continue commitment to employee satisfaction, development, and retention.

Technology Enhancements, Use & Effectiveness

Continue to implement new automatic meters and technology. Provide additional on-line bill pay options. Fully integrate new City website.

Quality Customer Service & Delivery of City Services

Improve EMS response time and service efficiency via equipment purchase and implementation. Finalize and implement a clear and concise Comprehensive Plan. Fully implement EnerGov Customer Self-Service functionality.

Capital Infrastructure Investments & Improvements

Continue to invest in aging City buildings with addition of a sally port at City Hall, keyless security upgrade in police and public works service center, construct two green alleys, resurface the Uptown Parking Court, and continue to implement AMI.

Community Outreach & Engagement

Develop an overall communication strategy for both external and internal stakeholders. Dedicate resources to expanding economic development and business retention.

Budget Workshop Sessions

Three budget workshop sessions have been scheduled at City Hall on February 19, March 5, and March 18. The public is welcome and encouraged to attend these sessions along with, as always, any Committee or City Council meeting.

The first two workshops are scheduled for three hours each, beginning at 6:00 PM with a hard stop at 9:00 PM. The last workshop is scheduled to begin at 6:00 PM and end at 7:30 PM. In the event that the entire budget is not covered in the three budget workshops, a portion of the March 23 Finance & Budget Committee meeting will be utilized. Elected Officials have the opportunity to submit any additional items or changes to the FY21 Proposed Budget in advance (preferably) or at the beginning of

each workshop session. Additional research and/or additions or changes to the FY21 Proposed Budget will be pursued by staff with consensus from Council.

Conclusion

Staff has carefully constructed the FY21 Proposed Budget to be consistent with the policies and vision established by the City Council. Being fiscally responsible with taxpayers' money, improving the customer experience across all departments, providing a safe and rewarding workplace for our employees, and investing in the long-term vitality of the City are our guiding principles.

Thanks to the Department Heads for their diligence in preparing the budget and to the Finance Staff for leading the process, specifically: Andrea Lamberg, Finance Director; Linda Miller, Assistant Finance Director; Niki Karouzos, Financial Specialist; and Vanessa Wells, Senior Administrative Assistant.