



MINUTES

BUDGET WORKSHOP MEETING

CITY HALL
COUNCIL CHAMBERS
505 BUTLER PLACE, PARK RIDGE, IL 60068

Tuesday, January 29, 2013, 7:00 p.m.

I. Roll Call

Alderman Knight called the meeting to order at 7:04

City Clerk Betty Henneman read the Roll Call and the following Elected Officials indicated their presence at the meeting: Ald. Sweeney, Di Pietro, Ald. Smith, Ald. Raspanti, Ald. Knight, Ald. Mazzuca, Ald. Maloney and Mayor Schmidt. There was a quorum.

Staff Present: Shawn Hamilton, Diane Nelson, Jeff Sorensen, Kent Oliven, Andrea Hatcher, Wayne Zingsheim, Jim Testin, Sarah Mitchell, Frank Kaminski, Mike Zywanski

Mayor Schmidt thanked everyone for attending and stated that due to the Council and last year's budget process the city has two nice surpluses. After reviewing this year's materials, it looks like there is a projected surplus for this year also. There was a good process last year which will be followed again this year. Mayor Schmidt cautioned the aldermen that the Uptown TIF is the one thing hanging over our heads and advised them to consider this before proposing any new expenditures during the budget process.

Acting City Manager Shawn Hamilton stated that this is his first budget process in Park Ridge and he has enjoyed the people that he has worked with on a daily basis. All departments pulled together through this process to get this draft budget completed. He is very proud of this six figure surplus and would like to thank everyone for their efforts.

Ald. Knight stated that we will follow the same meeting process as last year. The meetings will run from 7 pm to 10 pm but if discussion runs over, a consensus vote will be taken to finish discussion or push it into the next meeting. If there are any items anyone would like to see on the agenda please see the Finance Manager or Acting City Manager prior to the meeting so that information can be considered prior to meeting.

II. Budget Workshop Overview

Finance Manager Kent Oliven wanted to thank all Department Heads and Staff for their help during this process. Park Ridge uses a Budget Ordinance which needs to be passed by April 30. It is from May 1 through April 30 the following year, which is what most municipalities use. This gives the City Council and staff direction on where money will be spent in the fiscal year.

III. Current Year Forecast

We are currently 8 months into Fiscal Year 2013 and what we have right now is a higher than anticipated surplus. The fund that will be discussed today will be the General Fund. There are fewer restrictions on this fund than other funds. The General Fund was budgeted with a surplus of \$580K in Fiscal Year 2013 and the projected surplus for Fiscal Year 2013 is a half million higher due to sales and income tax. The monies have been coming in better than originally forecast due to an improving economy.

Ald. Mazzuca asked if we can get an all fund view in the packet of information. Per Oliven, an overview of all funds will be provided. Ald. Knight asked why the Uptown TIF is projecting a \$100K surplus. Per Accounting Manager Andrea Hatcher, there was a grant received for \$320K for the design and streetscape in the Uptown area which has not been received yet which factors into the forecast. Additionally, there is an estimate of some money that will be coming into the General Fund to offset that. That is the difference between the forecast and what was originally budgeted. The grant was received two years ago but it overlapped into last fiscal year. Since this is a reimbursement grant, the money has already been spent and we have already applied for the reimbursement.

Oliven explained that the next forecast for this fiscal year will be staggered and should be available within the next 60 days. Ald Knight requested receiving updates on a more regular basis. Per Hamilton, the distribution of this information on a monthly basis is being worked on.

IV. Summary Budget – All Funds

There FY14 surplus of \$531,082 which is a fluid number and our starting point. The assumption is that there will be a surplus again this year. Some departments have worked on personnel issues (staffing, overtime) which can help to fill in the gaps. We are looking at same staff as before with no layoffs or cuts in services.

Oliven gave an overview the FY14 Budget Impact on Fund Balance (scorecard) sheet that was included in the meeting packet. This reflects the current year's forecast. The current proposed budget estimates \$30.5 million in revenues in the General Fund and projected at \$29.4 million. This will created a prospective surplus of \$1 million in the main operating fund.

V. Revenue

a. Revenue List with Rates

This is a picture of what Finance believes revenues will be in next fiscal year but Finance was also charged with finding out if there were any rate changes that were not known about, are there rates that should change and are there rates that should be changing.

b. Property Tax – All Funds

Property Tax levy includes the levies for police and fire pension funds which is a 2.15% increase and is due in December. This has already been decided as part of the Levy.

c. Income Tax – General Fund

These numbers do not come out until late in the budget process. They include the following taxes: sales, income, use, home rule sales, personal property replacement and motor fuel. All of these are per capita taxes so when the new census numbers came out in 2011 it had an effect on the amount of money that we received. The numbers that are put in now are based on projections. We are projecting a 12% income tax rate increase

d. Sales – General Fund

Increase of 3% to 8%. IML usually comes out in March and we should expect some sort of revision in the above numbers. Per Acting City Manager Hamilton, we still believe that we are very conservatively budgeting what we can expect this year. We do not want to overestimate our revenues. A discussion was held on our collection policy and what can and cannot be collected. A process is currently being evaluated that will assist us in the collection of fines and forfeitures. Per Oliven, a policy is needed regarding writing off collections which is currently being worked on. Ald. Knight asked that an update on collections is needed (how much is written off, etc.) Oliven was asked to produce this report in 60 days.

e. Motor Fuel Tax

This will be \$1 million due to federal stimulus monies that came through. Oliven believes that there may be two more distributions before it runs its course, but will call the state and ask when these distributions will end.

f. Grants – All Funds

There have been quite a few grants budgeted. There was a grant of \$2 to \$3 million for streetscaping and some reimbursement grants that police get but not a large amount. Per Public Works Director Wayne Zingsheim, a grant for reforestation and paying for part of the inventory was just applied for. The City is currently looking into a centralized process for processing grants, RFPs, etc. Hamilton will put together a comparison between other communities and how success rates in grants compare.

g. Licenses – General Fund

There is an increase forecasted for business licenses due to the most recent changes.

h. Fines – General Fund

This was discussed previously in the Sales/General Fund section.

i. Miscellaneous – General Fund

A decrease is budgeted. Some of these expenses were reallocated elsewhere which is why there was a decrease. Ald Knight asked for a schedule of what makes up the \$2.4 million in this fund. Hatcher gave a quick breakdown of the miscellaneous fund. The miscellaneous line includes miscellaneous taxes such as Cable TV. A schedule of line items for Miscellaneous Income will be produced.

j. Water Utility Tax – General Fund

Oliven asked if this item could be deferred until later. There is a tax on water that rolls up into miscellaneous which is \$436,000.

k. Services to other agencies – General Fund

This is revenue from when people have special services such as police services, reimbursements for public works, special events. This is listed under Charges for Services.

l. Transfers – All Funds

This has to do across funds. If one fund is using the service of another fund we will do a transfer. A large transfer that happens out of the General Fund is for the E-911 Service.

m. Employee Contributions - All Funds

This is the employee portion of the insurance premium that the City contributes towards 100% of the premium.

n. Parking Rate Proposal

Currently there is a .25¢ per hour parking meter rate in Park Ridge. Compared to other cities this is very low. The Finance group put together a model with 50¢, \$1 and \$1.50 rates and the amount of revenue that would be collected for each scenario. There are also models for the parking lots. There is much more flexibility to changing parking meters rather than the parking lots. Ald. Mazzuca suggested that keeping parking rates low should help local businesses. This discussion will be continued at a later date.

VI. Utility Billing

Finance Manager Oliven believes that the City of Chicago water rates were listed incorrectly in the water rate study since Chicago increases their rates in January and we do not increase ours until May 1. Due to this fact we are currently losing four months of additional revenue. He does not suggest that we make up the deficit from last year but that it is done correctly from now on.

Oliven said that his budget plan would increase Park Ridge's tier rate from \$2.85 per 1,000 gallons of water used to \$3.05 per 1,000 gallons of water used. He also stated that the Chicago water rate would increase from \$2.51 per 1,000 gallons of water used to \$3.02. Additionally, "fixed charges" determined by meter size will increase by .37¢ per 1,000 gallons of water used. Every customer will be paying the same dollar increase. Ald. Mazzuca presented a different scenario for water rates which is a weighted average capacity model. Ald. Di Pietro would like to see a comparison between the Finance proposal and Ald. Mazzuca's, preferably on one page, before it goes to Council of the Whole. Ald. Knight asked Hamilton and Oliven to come back with a comparison between Ald. Mazzuca's scenario, the Finance scenario with no change in Park Ridge rate and with a reduction in the Park Ridge rate and the current rates. This will be first item on the agenda for the next Budget Workshop on 2/5.

Ald. Mazzuca also asked to identify if there are any homeowners who were incorrectly advised by previous City staff that they need 1.5" service for their residential sprinkler systems when 1" service would have been sufficient. Fire Chief Zywanski stated that these systems are designed by certified fire protection engineers and the calculations are certified. Ald. Mazzuca decided to withdraw this proposal after he heard information

from Fire Chief Zywanski and Public Works in regard to the reason the 1.5” service was installed.

Ald. Mazzuca also asked the Finance staff to look into whether or not the remote water meter reading system is a cost justified investment for taxpayers. The new system would cost an estimated \$3.5 million. Currently we have customer reads which the customer calls in six times and year, but this does not always get done and there is no way for us to verify this. Ald. Knight suggested that we should go with the rates that are in the study until a study could be done on the feasibility of the system. The City has approximately ¼ billion gallons of unbilled water per year.

VII. Adjournment

The meeting adjourned at 9:47 pm