



CITY OF PARK RIDGE

505 BUTLER PLACE
PARK RIDGE, IL 60068
TEL: 847/ 318-5200
FAX: 847/ 318-5300
TDD: 847/ 318-5252

MINUTES

BUDGET WORKSHOP MEETING

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

Tuesday, March 5, 2013, 7:00 p.m.

I. ROLL CALL

Alderman Knight called the meeting to order at 7:00 p.m.

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

Staff Present: Shawn Hamilton, Diane Nelson, Kent Oliven, Andrea Hatcher, Wayne Zingsheim, Sarah Mitchell, Frank Kaminski

II. SHARED SERVICES

a. BILLING OF GF SERVICES TO OTHER FUNDS, i.e. WC, Admin., Finance, Vehicle Maintenance, etc.

Finance Manager Kent Oliven explained that there are three enterprise funds which consist of water (22%), parking (3%) and sewer (2%), and are paid for by user fees. Frequently these funds will use services of other funds which are normally the general funds. Last year the Finance Director, working with the Council, came up with a system to go through all of the costs and asked what actual costs these funds are using outside of their funds and those that should be reimbursed. It was decided which percentage of a particular job should be allocated to a certain fund. Oliven suggested that this should be reviewed every three to five years and see if the process is still working or if allocations need to be adjusted.

Oliven went through miscellaneous line items on the spreadsheet. Ald. Mazzuca asked if these amounts were considered high. Ald. Knight said that the transaction processing costs are very reasonable. He asked for a detailed rollup of how these figures were arrived at.

Ald. Mazzuca asked why the amount for Klein, Thorpe, and Jenkins is only \$75,000. Per Ald. Knight, only the monthly retainer is being allocated. That is the routine cost coming through and from allocation purposes it was fair to pass these through. Ald. Knight suggested that next year might be a good time to review these allocations again.

Mayor Schmidt asked why the allocation for water for the City Manager was at 22%. Per Hamilton, this is cyclical depending upon changing water rates and possible customer complaints.

III. TRANSFERS (fund to fund)

Accounting Manager Andrea Hatcher said that this is a summary document of the transfers that have been seen in each individual budget. The E911 deficit balance is being cleared up. One-third of the actual cost is paid through the phone bills.

The municipal fund will probably not need the transfer of \$76,000 which is why there is a zero. MERF Funding and IT Replacement were not budgeted for last year. This spreadsheet shows how the miscellaneous funds are being transferred to fund certain expenditures.

Ald. Knight asked why there is no fund transfer for 2013/2014 for IMRF. Hatcher explained that due to the fact that the bond was done towards the end of the budget process it was put there as a placeholder. This is the new bond that was issued with the refinancing of the levy.

Ald. Di Pietro asked if this was just moving money from one fund to another fund, which is what exactly what this is. There are no revenues or expenditures associated with these funds.

IV. TIF PROJECTIONS

a. Dempster

Oliven explained that sales tax has nothing to do with this since it flows through the General Fund. What happens is that essentially the money we receive from the Dempster TIF flows back out to the parties paying those taxes. It is money in and money out. This will end in 2019.

b. Uptown

Oliven explained the following assumptions in the TIF projections:

- FY13 estimated property taxes were actual through February 2013 plus March and April 2012 totals
- Beginning in FY15 there was a 0% increase in property tax revenue (same as Kane McKenna)
- Beginning in FY15, eliminate future projects and corresponding grant funding
- No deferral of school district or park district payment
- Continue to abate all tax levies for debt service payments

Below are the Deviations in Projections from the Kane McKenna Report:

- FY13 actual payments shown, and used for projections of payments forward
- Estimated property taxes vary slightly higher (as more revenue received post report)

Oliven noted that in FY14 the \$841,000 streetscape expenditure and reimbursement grant is shown.

Where this differs is that there was an increase in property taxes. Those were the high end of the rates in the best of the markets. The projection this year is a 0% increase.

Conclusion

The loan from the General Fund reaches \$26.9 million in FY25 and ends at \$22.6 million in FY28. The first fund surplus is in FY26, resulting in a payment back to the General Fund from the TIF Fund.

Where this differs from the the Kane McKenna report is that there are now additional numbers that Kane McKenna didn't have. We also have a more accurate numbers for property taxes this year which have been projected.

Transfers out are for bond payments. The transfer in is from when the bonds were issued and accounts were set up for construction funds. This represents the balance of the fund that was not closed out. That transfer will be made.

V. CONTINGENCY

Acting City Manager Hamilton proposed a \$250,000 funding amount for contingency be added to the budget. This contingency line item would include workers compensation claims/settlements, liability claim and settlements, labor agreements (mediations/arbitrations). These line items will only fund these three line items, and would only be expenses under specific circumstances. There is currently a separate line item for workers compensation. Historically the budgeting practice has been to place \$400,000 in that line item. This year it has been raised to \$500,000.

Within the past six months we have brought in CCMSI which is a 3rd party liability claim company to handle our claims. This has helped us to become much more informed about open claims and the potential exposure of the city.

This money could be used to settle some workers comp claims that have been on the books for years. Secondly, there are a number of open liability claims that can be settled. The third piece is that there are some labor agreements being worked on. One for the police sergeants is in federal litigation. There is a model of what a potential settlement would look like. This money could fund a settlement if there is mediation or if we have to go to arbitration. If this money is not used for one of the three line items, it will not be used.

Ald. Knight stated that this has not been done in quite a while, but believes that it is a good idea. This contingency is in addition to the \$500,000 line item for workers compensation. Mayor Schmidt asked why the contingency is being asked for since the workers compensation budget amount has already been raised. Per Hamilton, the cases had not been worked well in the past which is why there are still many cases that are not closed. Hamilton explained that the logic behind this is so that the money does not appear to be budgeted for these claims to litigating attorneys, etc. Mayor Schmidt asked why we just don't increase the budget rather than a contingency. Ald. Mazzuca suggested doing a budget amendment.

Ald. Knight suggested that we do this for this year but it should be considered a restricted fund for use on workers comp, liability and labor unions only. If and when the funds are to be used, a budget transfer would be done. Ald. Knight suggested that the liability cases be discussed further at a closed session if specific cases are being discussed. The City Manager was asked to put together a rundown of the claims that are currently open for this meeting.

VI. ADJOURNMENT

The meeting adjourned at 8:24 pm