



CITY OF PARK RIDGE

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MINUTES

BUDGET WORKSHOP MEETING

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

Thursday, March 28, 2013, 7:00 p.m.

I. ROLL CALL

Alderman Knight called the meeting to order at 7:05 p.m.

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

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

II. UPDATE

Finance Manager Oliven noted the following changes to FY13 including the E911 agreement - \$80K, the Dempster Redevelopment Amendment Revision Projection - \$350,938, FY13 to FY14 carryover of \$620,938, and FY13 General Fund Forecast Update at \$427,173

Oliven also noted some additional items in FY14 which has created a \$25,492 deficit for FY14.

Oliven discussed a memo that was presented about the budget summary. The overall FY14 budget, which includes all funds, has revenues of \$61,590,792 and expenditures of \$67,422,026, resulting in an overall, all fund deficit of \$5,831,233. More than half of that deficit, \$2,968,237, comes from the Sewer Construction Fund, where bond monies are supposed to be spent in order to add relief sewers and to connect some lines to higher capacity sewers. The Uptown TIF has a FY14 deficit of \$1,092,598. The planned reconstruction of the Summit parking lot brings the FY14 Parking Fund deficit to \$776,443. The MFT has been accumulating a surplus in recent years and \$219,220 of that surplus was budgeted to be spent this year on roads. The Library budget has a \$413,140 deficit, which reflects the decision of the independently elected Park Ridge Library Board to reduce the Library's fund balance by that amount.

Based upon current FY13 forecasts and the FY14 budget outlined above and in the other budget documents, the current December 2013 property tax levy projection is an increase of 5.85%. This is a preliminary projection that will likely change after actual revenues and expenditures for the first half of FY14 have been recorded.

Ald. Sweeney asked if discussion has been had about refinancing the TIF. Per Oliven, the Kane McKenna report discussed things that could be done within the TIF. If we pre-

refund right now and use those monies to pay off the bonds, our options are will be cut off for the future since this can only be done once.

III. **FY14 REVENUE UPDATE**

Oliven explained that there different ways to project revenues. The state shared revenues are monies collected by the state and distributed to us such as income, sales, use, and personal property replacement taxes. Most of these are projected by the IML but we have not received one for this year as of yet. The only update that we have received thus far is the income tax has gone down \$50K, which means that the original increase of \$250K was moved down to \$200K. At this time some went up and some went down. The amount of \$221K down is our new forecast. This amount is reflected in FY13 and also in FY14. The \$244K decrease in revenue is due to the decrease in the electric and gas utility tax due to the mild winter. The state is forecasting a 4.5% increase instead of a 6% increase. Ald. Sweeney asked how income tax is figured out and it is based on so much per head per resident. Mayor Schmidt asked if since we cut our revenue projections by \$250K, if staff has discussed spending cuts to make up for that. Mayor Schmidt discussed that this should be decided now and if when it is final, we find that we have more revenues, we could put some of the spending cuts back. Ald. Knight discussed the fact that the carryover is distorting the figures for FY13/FY14 and stated that he agrees with the Mayor on not having this carryover. He will not vote for a deficit fund general budget. Hamilton will find somewhere to cut the \$25K so that the General Fund does not have a deficit. Before the carryover was discussed, there was a surplus of \$800K which went down to \$300K. If we did not include this carryover, we would have had over \$500K in surplus.

Oliven discussed the summary budget and the miscellaneous funds.

- General Fund - \$25,492 deficit which incorporates the carryover
- Motor Fuel Tax Fund – Surplus of \$880K
- IMRF – Surplus of \$180K – the majority from this fund is from investment returns
- E-911 – Hamilton said that there was \$250K and the goal is to eliminate this deficit.
- Parking - \$770K deficit which includes the \$500K expenditure for redoing the Summit Lot
- Water Fund – deficit of \$163K
- Sewer Fund – shows a surplus
- Uptown TIF - \$1 million deficit

Ald. Mazzuca questioned the 6.52% increase in regular salaries for employees. Per Oliven, this reflects the positions that were open and have recently been filled. Ald. Mazzuca also commented that we are making good headway in contributions to the Police and Fire pensions which are 50% funded and the IMRF which is 90% funded. Ald. Mazzuca asked if there are any changes that can be made to some of these expenditures. Hamilton explained that in regards to insurance, there could be opportunity to do better by changing some plan options.

Hamilton discussed the Capital Plan which also reflects the carryover that is reflected in next year's budget.

IV. **DOWNSIDE CONTINGENCY PLAN**

At the March 19, 2013 budget workshop, Hamilton was asked to develop a list of items in the FY14 budget that, if the City should experience a necessity to further reduce the budget, could be implemented quickly. Hamilton stated that he looked for items that could be reduced with minimal to no impact to City services.

Capital Projects would be the first items and Hamilton recommends eliminating the following items:

\$389,500	Phase II Police Station
\$500,000	Summit Parking Lot replacement
\$240,000	Ambulance expenditure
\$40,000	Emergency Sirens
\$75,000	Reforestation reduction
\$50,000	Sidewalk replacement reduction
\$100,000	Technology expenditures reduction
\$55,400	Dump truck replacement
<u>\$60,000</u>	Grounds dump truck replacement
\$1,509,900	

The next items would be maintenance projects within the buildings around the City which could be pushed to the FY15 budget with a conservative estimate of \$100K in savings.

Any additional budget reductions would have to include personnel, as nearly 2/3 of the City's budget is salary and benefits expenses. One final option, of which Hamilton is not recommending, is to use General Fund balance to cover the budget deficits.

Per Ald. Mazzuca, this would be our go to list if we do not want to use the 5.85 tax levy option. Hamilton explained that the first place to go would be the Capital Projects.

Mayor Schmidt questioned the \$100K in maintenance project and perhaps we could find the \$25K so that we do not have a deficit in the budget. He also questions the emergency sirens. Chief Zywanski explained that these sirens are over 30 years old and need to be replaced. This will be done over two years. Ald. Mazzuca said that another option would be to use the \$250K contingency to find the \$25K to decrease the deficit. Per Hamilton, the amount that is in contingency is not enough to cover the expenses in regard to workman's comp cases.

V. DECEMBER 2013 TAX LEVY FOR THE FISCAL YEAR 2013/2014

Oliven discussed three different scenarios for the Tax Levy, 0%, 4.85% and 5.85% increases. Kent went through each scenario and what would be needed to maintain each. Ald. Knight asked about the need for a 5.85% increase and if that year includes the capital and part of the schedules. This also includes revenues that were discussed. Ald. Knight asked if there is anything unusual in these scenarios. Oliven said that it is worth noting that if inflation "peaks its head" it would blow these numbers. These are all conservation numbers on the revenue and expenditures side. This has been basically the same situation that we have been in for the last five years. Ald. Sweeney asked if there is any consideration given to the new assessments that will happen in Park Ridge this year. Per Oliven, these numbers do not come out until the summer but they will definitely have an impact. Ald. Mazzuca questioned the real loss number and asked why they differ so widely between internal funds. Oliven stated that these each have their own agency numbers and they are collected by the County and did not have an answer for this. Oliven will call the head of the Cook County Clerk's Office and ask if this issue can be explained.

VI. FINAL BUDGET SUMMARY (INCLUDING FUTURE PROJECTIONS)

Per Hamilton, this final budget needs to be finalized ten days prior to the final budget hearing on April 10.

VII. ADJOURNMENT

The meeting was adjourned at 8:24 pm