



CITY OF PARK RIDGE

MEMORANDUM

DATE: February 18, 2014
TO: Mayor, Aldermen, and City Clerk
FROM: Kent Oliven, Finance Director
RE: **FY15 Budget Update – Expenditure Assumptions**

Most expenditures are fairly flat. Exceptions to that rule, assumptions, and other items of note are stated below.

Public Works

General Fund

- Salt increases from a FY14 budget of \$130,000 to \$275,000 (needed to replace inventory)
- \$25,000 decrease in Forestry Emergency T&M
- \$25,000 decrease in Forestry Reforestation

MERF

- MERF assumes critical items only and paying cash rather than paying with other financing options

Other Funds

- The 15% City of Chicago water price calendar year increases
- Muni Waste debt service declined to \$20,000 from \$62,606 in FY14 (\$72,606 in FY13), per SWANCC.
- Water Main Construction was increased from \$815,000 to \$1,600,000. It is possible that this increase will be transferred to remote read meters, as presented in the water and sewer rate study, after additional work has been completed for Council analysis.
- Sewer Fund debt service increased almost \$300,000 in FY15, as principal payments have started on the 2012A Series bonds.
- Sewer General Contractual includes \$26,000 for Levy 50 to Des Plaines in FY15

Administration (Including Payroll, Personnel, IT, & HR)

Payroll is handled by the Administration Department, with the help of Finance. Therefore, it is covered City wide here. Although there has been a request to cover payroll budget assumptions in this memorandum, please note that payroll is a topic for the March 4 Budget Workshop.

The only new FY15 hire is an Economic Development specialist. There are, however, a few changes that differ from the FY14 original budget:

- An Administrative Assistant was moved in FY14 from Administration to CP&D. The FY15 budget reflects that change in departments.
- As discussed in previous meetings, it is the stated intention of both the City Council and the City Manager to hire a purchasing agent/procurement official in FY14, so that additional FTE is continued into the FY15 budget.

Our Mission:

THE CITY OF PARK RIDGE IS COMMITTED TO PROVIDING EXCELLENCE IN CITY SERVICES IN ORDER TO UPHOLD A HIGH QUALITY OF LIFE, SO OUR COMMUNITY REMAINS A WONDERFUL PLACE TO LIVE AND WORK.

Agenda Cover Memorandum (Cont.)

- The FY15 budget reflects the Accountant that was hired in December after a 16 month gap in that position. The FY14 budget reflected the hiring of an additional Finance Department professional and, in the September 23rd Finance Committee of the Whole, City Manager Hamilton said that “deficiencies in the area of accounting” required that the professional be changed to an Accountant.
- The HR Generalist has required more hours than originally budgeted in FY14. Those hours are reflected in FY15.
- 20% of all CSOs and CSO Supervisor salaries have been added to the Parking Fund in FY15 based upon their workload.

Four of the five unions have wage openers in FY15. Therefore, all non-Sergeant wage increases are in the contingency line item. Just as in the FY14 budget, the contingency line item is for three things only: wages, liability claims, and worker’s compensation claims. All transfers out of this line item are expected to be large enough that it will trigger one or more transfers that would need the express approval of the Finance Committee of the Whole. Because almost all contracts are up in the air, this contingency line item has increased from \$250,000 to \$500,000.

There is almost a \$15,000 reduction in total Police OT and a \$20,000 reduction in total Fire OT from the FY14 budget.

As noted in the City Manager’s budget presentation memo, the FY15 budget contains a 15% increase for PPOs, a 5% increase for HMOs, and a 10% increase for flex, life, worker’s comp excess policy, worker’s comp claims management, dental, and unemployment management. The budget also contains a large increase for IDES, as it is self-funded.

Two additional budget notes about payroll benefits, neither of which affect total costs:

- 1) In FY15 employee contributions to healthcare will no longer be counted as revenue and that portion will no longer be counted as part of the City’s expenditure.
- 2) In FY15 healthcare, unemployment, worker’s comp, and life insurance will be allocated by department instead of collectively through the Human Resource Department.

Finance

- Total debt service increases \$669,565 over FY14 per debt schedules
- CCMSI fees associated with liability moved from Insurance Claims to Insurance line item for clarity
- \$18,000 increase in Bank Service Charges line item. Some of this has to do with the recording of fees that had not gone through the budget and warrant list process in the past. Some has to do with instituting Positive Pay and setting up the outsourcing of checks.
- FY15 contains no Uptown TIF capital items, but a \$15,000 increase in Uptown TIF Special Counsel

Police

- No Phase II or Phase III in FY15 based upon the December 2013 property tax levy discussions

Fire

- Decrease of \$185,000 in Fire Administration Computer Equipment, as FY14 had defibrillators (most of which came from FY13 carryover).
- Decrease of \$98,650 in Fire Administration Building Maintenance and of \$33,000 in Fire Administration Building Repairs, as FY14 had FY13 carryover capital projects. Note: FY15 has \$20,000 in a Station 36 furnace, but a requested \$20,000 furnace for Station 35 has been pushed out to FY16, as discussed in City Manager Hamilton’s Capital Update in this same agenda item.
- Decrease of \$14,675 in Fire Administration Membership Dues, as FY15 has reduced NIPSTA dues
- Decrease of \$16,990 in Emergency Response Training, as FY14 had new recruit fire academy training
- \$58,000 was put for the replacement of two of the five emergency sirens. The original FY15 Fire Department request was for \$145,000 for the replacement of all five, but three were pushed out on the capital plan until FY16. Note: \$40,000 had been budgeted for siren replacement in FY14, which will be pushed out.

CP&D

No significant CP&D changes from FY14