



CITY OF PARK RIDGE

505 BUTLER PLACE
PARK RIDGE, IL 60068
TEL: 847-318-5200
FAX: 847-318-5300
TDD: 847-318-5252
www.parkridge.us

DRAFT MINUTES

BUDGET WORKSHOP MEETING

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

WEDNESDAY, MARCH 22, 2017 AT 6:00 P.M.

I. Roll Call

Ald. Moran called the meeting to order at 6:05 p.m.

Senior Administrative Assistant Zarlenga read the roll call; the following Elected Officials indicated their presence at the meeting: Ald's. Moran, Shubert, Melisodian, Mazzuca, Van Roeyen, and Acting Mayor Maloney. Ald. Milissis was absent.

Also present were Acting City Manager Joe Gilmore, Acting Finance Director Andrea Lamberg, Senior Accountant Brian Patoska, HR Manager Mike Suppan, HR Generalist Kim Hodge, Community Preservation & Development Director Jim Brown, and Senior Administrative Assistant Julie Zarlenga.

II. Citizens Wishing to be Heard

None.

III. Scorecard Review/Updates

Acting City Manager Gilmore detailed the updates made to the scorecard. He said that under FY18 Revisions staff added \$32,000 due to the increase for the Energov software training expenses. Under FY18 Council Consensus the \$60,000 placeholder was removed from the General Fund for the Bike Task Force. He said the Water Main Construction was increased by \$150,000 and Sewer Lining was increased by \$100,000.

• Finance

Acting City Manager Gilmore detailed the department cover sheet for Finance.

Noteworthy Changes

Acting City Manager Gilmore went over the noteworthy changes, which included a 1.25 FTE's salary's being paid out of the Water Fund, a new Finance Cashier workstation, a large claim that was settled out of insurance claims, an audit RFP, and the addition of Cyber Insurance coverage.

Expenditures

Regular Salaries

Acting City Manager Gilmore noted a change in payroll, and said that 1.25 FTE's salaries moved to the Water Fund because they work primarily in Utility Billing.

Insurance

Acting City Manager Gilmore said that staff added Cyber coverage in FY17 and continued it in FY18.

Insurance Claims

Acting City Manager Gilmore said that insurance claims decreased due to the settlement of a major case.

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Ald. Mazzuca asked why the proposed FY18 budget increased compared to the FY17 Budget Forecast, despite the 1.25 FTE's salary's being taken from the Water Fund instead of Finance.

Acting City Manager Gilmore said that the FY17 Budget is amended. He said there was extra outside help in FY17 due to the transitional period.

Acting Finance Director Lamberg said that \$65,000 was transferred from salaries to general contractual to account for the extra help.

Audit RFP

Acting Finance Director Lamberg said the City paid \$51,000 for FY16 audit services. Through the benefit of the procurement policy, the new contract came in at just over \$40,000 for the FY17 audit. Staff assumed in the FY18 Budget that the audit fees would be similar to last year. The fees came in \$10,000 less than expected.

Ald. Mazzuca asked if the scorecard would be adjusted for the next Budget Workshop meeting to reflect the savings for the audit.

Acting City Manager Gilmore said the scorecard would be changed.

Citation RFP

Acting Finance Director Lamberg said that staff already went out to bid for the Citation RFP. She said they are currently tabulating the bids and depending on the findings, staff will come back with the results in April or May. She noted that there are two pieces to the RFP collections and citations, and the handhelds that issue the tickets. The handhelds piece is driving the process.

Red Light Fees

Acting City Manager Gilmore said the red light fees are reduced based on trend. He said when the amount of fees are reduced, the amount of revenue is reduced, therefore reducing the fees.

Postal Charges

Ald. Moran said he wanted to bring up postal charges, noting that eliminating postage and going green was one of the ways that was mentioned as an idea to save the City money. He pointed out that the \$52,000 in postal charges equated to roughly ¼ of 1% of the Levy. Eliminating postal charges would not result in savings and would have little impact on the Levy.

Bank Service Charges

Ald. Mazzuca asked if staff had gone out to find pricing on the bank service charges.

Acting City Manager Gilmore said staff has not done a formal procedure, however they did challenge the rates they were receiving from Chase Bank, and they did improve. He noted staff established a new parking account with MB Financial as well.

• **Revenue**

Property Tax Current

Acting City Manager Gilmore said the FY18 Proposed Budget of \$3.6 million is significantly down from the FY17 Revised Budget. He said this was based upon the decision to reduce the amount levied as well as the timing of how the receipts are brought into the City.

Property Transfer Tax

Acting City Manager Gilmore said that property transfer tax was up a great deal due to increased activity, and that revenue was trending up.

Building Permits

Acting City Manager Gilmore said that building permits had also increased in activity.

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State Income Tax

Acting City Manager Gilmore said there is an increase in State Income Tax of almost \$400,000 to prior year budget. He said staff used the estimates they received from the Illinois Municipal League (IML) to budget. He said this increase is also reflective of the amount of State income tax that's collected, and the City's portion increases with the amount that is collected.

Federal Grants

Acting City Manager Gilmore said there is \$500,000 that the City received for the fire engine grant, and \$45,000 the City received for the Department of Justice grant.

Ambulance Service Charge

Acting City Manager Gilmore said there is \$905,000 that the City collects from McKesson. He said the City pays them a fee of 3.4% for collections.

Acting City Manager Gilmore said there is a total of \$33.5 million budgeted in revenues, which is an increase from last year's budget. He said this is consistent with the FY17 forecast.

- **TIF's**
 - **Uptown TIF**

Acting City Manager Gilmore said the estimated FY18 proposed budget fund balance is \$4.8 million.

Uptown TIF Fund Revenues

Acting City Manager Gilmore said the total Uptown TIF Revenues are \$2.6 million.

Economic Development

General Contractual Services

Acting City Manager Gilmore said there is \$531,000 in General Contractual Services, and that amount is for the Intergovernmental Agreement (IGA) payments to the other taxing bodies. This amount is down in FY18 from FY17 due to the FY16 payments being deferred until the City reached a revised IGA agreements in FY17 with the other taxing bodies.

Transfer Out

Acting City Manager Gilmore said the bulk of the Transfer Out is a transfer to the Debt Service Fund to cover 25% of the Uptown TIF bond payments. He said when the City levied in December, the contribution to cover 25% of the debt payments was approved. He said the other part of the Transfer Out is the pay-off of the 2006A bond.

Business District

Special Counsel

Acting City Manager Gilmore said that the City's TIF Attorney falls under Special Counsel. He said the Attorney handles PIN segmentation, contract output, and attends the Joint Review Board (JRB) meetings.

General Contractual Services

Acting City Manager Gilmore said staff budgeted for the Uptown Streetscape project with a City-cost share of \$800,000. The City's TIF Consultant is also budgeted for in this fund.

Acting City Manager Gilmore said the most significant changes to the Uptown TIF budget is the 25% in transfer out that went to cover the Debt Service Fund for the bond payments. The second change is that the Uptown Streetscape Project is being budgeted out of the Uptown TIF. The City's TIF Attorney confirmed it was okay to pay for the project out of the fund.

Ald. Moran asked where the other 75% to pay for the debt was coming from.

Acting City Manager Gilmore said that it would come from the levy.

Ald. Mazzuca asked if in the future the City could increase their abatements to pay for more bonds.

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Acting City Manager Gilmore said they could increase that amount in the future. He said that the plan is to abate 25% or more for next year.

Ald. Mazzuca asked if staff could create a policy for fund balance on the Uptown TIF for the use of extra funds.

Acting City Manager Gilmore said staff could create a policy.

Ald. Moran asked if they could use extra funds for the parking study.

Acting City Manager Gilmore said that if it falls within the scope they could use the extra money in the TIF towards the parking study.

- **Dempster TIF**

Acting City Manager Gilmore said there is a fund balance of almost \$95,000 in expenditures.

Dempster TIF Fund Revenues

Property Tax Current

Acting City Manager Gilmore said there is \$170,000 budgeted for FY18 for property taxes.

Financial Administration Expenditures

General Contractual Services

Acting City Manager Gilmore said this is where the City pays their TIF Consultant out of for attending the JRB meetings, and reporting and filing the TIF.

Business District Expenditures

General Contractual Services

Acting City Manager Gilmore said this fund is for the payments the City makes to Bredemann for the taxes Bredemann pays to the City.

Acting City Manager Gilmore said that the Dempster TIF only has a few more years left.

Acting Finance Director Lamberg said the Dempster TIF will expire in 3 more budget years.

Ald. Melidosian asked why the line item under Financial Administration Expenditures with the TIF Consultant doubled.

Acting City Manager Gilmore said that staff under budgeted the previous year and that the forecast number is closer to \$4,000 in FY17.

- **Debt (Multiple Funds)**

Acting City Manager Gilmore said that all revenues and expenditures related to debt are netted on the cover page and are broken down by each bond issuance on the page after.

Senior Accountant Patoska detailed the debt schedules:

(308) 2006A: This bond was refunded during FY17. There is only a relatively small transfer in from the Uptown TIF to close out that fund in FY18.

(310) 2012A: These are the sewer bonds which are funded entirely with a transfer from the sewer fund.

(311) 2012B: These are IMRF bonds, funded each year through the property tax levy.

(312) 2014A: These are the water bonds, funded entirely with a transfer from the water fund.

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(313) 2015A: These three bonds are Uptown TIF debt. They have been funded by the majority
(314) 2015B: or entirely by the property tax levy in the past. In FY18 staff included the 25%
(315) 2016A: property tax abatement for the TIF to begin to assume that responsibility.

- **Parking**

Expenditures

Acting City Manager Gilmore said the net position of the fund is a deficit of (\$521,000). The FY18 Budget has a deficit of (\$15,000). He said there is a limited amount that staff can do with this fund, which is part of the reason the parking study was done.

Ald. Moran asked why Regular Salaries increased.

Acting Finance Director Lamberg said there was a third part-time employee added.

Acting City Manager Gilmore said the theory was that there would be more revenue generated through additional enforcement.

Revenues

Parking Meters

Acting City Manager Gilmore said staff is anticipating an increase in revenue from automatic meters. He said staff plans to do a pilot for automatic meters and because paying the meters would be easier, they expect to see revenue increased to \$185,000.

Expenditures (cont.)

Citation Fees

Acting City Manager Gilmore said that an RFP is in process for citation management.

General Contractual Services

Acting City Manager Gilmore said that staff told Gewalt Hamilton that they wanted to do a pilot of automatic meters.

Ald. Moran asked when Council could see the parking study.

Acting City Manager Gilmore said staff would have something for Council in April.

- **CP&D**

Acting City Manager Gilmore detailed the key metrics and said that CP&D Director Brown added additional metrics that weren't in there in FY14 and FY15. He added there is a headcount change with two additional on-call personnel, an economic development program initiative, Energov software, tablets for field inspectors, and Municipal Code updates, which is budgeted in Administration. He said there is also an increase to regular salaries due to an issue with a permanent Plans Examiner's position not being reflected in prior years' budget.

Community Preservation & Development Director Brown said this budget captures the accurate salary of Plans Examiner John Scalfani. Mr. Scalfani shifted from full-time to part-time a few times. Prior budgets didn't reflect him as a regular employee, but reflected him as on-call.

Acting City Manager Gilmore said staff reclassified the FY18 salaries, which is why the FY17 budget looks low.

- **City Administration**

Acting City Manager Gilmore said that the only thing that changed in City Administration salary is the merit pool increases.

General Contractual

City Manager Gilmore said the expense for the Municipal Code updates of \$10,000 is budgeted in General Contractual. He said that fleet management services is budgeted at \$7,700.

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Transfer Out

Acting City Manager Gilmore said there is a significant increase from \$1,172,971 in FY17 to \$2,350,000 in FY18. He said the General Fund has increased its support of the MERF Fund by \$1 million. There is also an increase in the transfer to the IT Replacement Fund of \$500,000.

Contingency

Acting City Manager Gilmore said there is \$200,000 budgeted and there was a contingency in FY17 that was transferred to Insurance.

Materials

Acting City Manager Gilmore said the fleet management initiative requires supplies such as harnesses and safety equipment.

911 Memorial

Acting City Manager Gilmore said we are in maintenance mode for on the memorial.

- **Administration**

Acting City Manager Gilmore detailed the cover sheet for Administration.

- **Legislative**

Acting City Manager Gilmore said there is no material change for legislative.

- **Legal**

Acting City Manager Gilmore said that legal counsel is consistent with the prior year. He said they had settled a major case in FY17.

- **HR**

Acting City Manager Gilmore said that HR needs additional support of 1 FTE, which is why regular salaries has increased.

HR Manager Suppan said that for the past three years HR has been understaffed. He said they need to get more involved with health and wellness, as there is a program from the IPBC Consortium that the City is involved in that would give the City \$25,000 in rebates for employees who sign up for the health and wellness program. In addition to health and wellness, HR needs to get more involved with applicant tracking. Manager Suppan said there is software that tracks applicants electronically and all the records flow into HR payroll. He said the full-time FTE they are looking to hire will need to specialize in on boarding and wellness.

- **IT**

Acting City Manager Gilmore said that most of the IT expenditures are budgeted under Capital Projects.

Economic Development

Acting City Manager Gilmore said that there are certain TIF payments that come out of this fund.

Community Preservation & Development Director Brown said that there is \$50,000 budgeted for an Economic Development initiative. He said he was approached by a person with experience in economic development in Park Ridge. He believed that a part-time Economic Developer would be valuable to the City for business recruitment and retention. He said the benefits are typically seen in more of a long-term setting.

Ald. Mazzuca said he was not comfortable with this being in the budget since staff had not yet gone out for an RFP.

Ald. Moran said he had a similar concern as Ald. Mazzuca, and added they needed to make sure this was done step by step with an RFP.

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Acting City Manager Gilmore said that this was just an example of one route they could go. He said there's no suggestion that they wouldn't go out to RFP.

Director Brown added that this was just one scenario and staff was not suggesting they would hire this particular person.

Ald. Shubert was pleased they were having a discussion about Economic Development. He said he would like to have this made a priority.

Acting Mayor Maloney asked Director Brown if he had reviewed notes from the City's previous Economic Task Force.

Director Brown said he did review them and there is already some things that staff is taking away from that list and are in the process of doing. He said staff is building a database where they can assist people with site selection. He added that an immediate value of hiring a consultant is that person already have existing contacts.

Acting Mayor Maloney asked if there were any other recommendations involving business recruitment that Director Brown thought that staff could complete.

Director Brown said yes, that staff is advertising in publications, which is something that CP&D never did before.

Community Support

Acting City Manager Gilmore said this is to support the Youth Commission and is also where the money from the plaques for historical landmarks comes out of.

- **Employee Benefit Fund**

Acting Finance Director Lamberg said once the City joined the IPBC in FY16, staff set up an Employee Benefits Fund to better track employee benefits. She said that the City's insurance plan is from July 1-June 30, so the plan as of now has some assumptions built into it because staff does not have the final rates yet.

Ald. Melidosian asked if staff had something comparable for FY15.

Acting Finance Director Lamberg said the reason they don't have anything for FY15 is because employee benefits were split between several funds; that it wasn't until FY16 that the Employee Benefits Fund existed and they consolidated the costs into one fund.

Ald. Mazzuca asked what the PPO versus HMO expenses were. He noted the premium had increased, but that fewer employees are taking the PPO.

Acting Finance Director Lamberg said she would have to look at the Census data to confirm.

IV. Adjournment

The meeting was adjourned at 7:39 p.m.