



CITY OF PARK RIDGE

MEMORANDUM

DATE: January 26, 2015
TO: Mayor & Alderman
FROM: Shawn Hamilton, City Manager
RE: **FY16 City Manager Budget Presentation**

Background:

Article 3, Chapter 6 of the Park Ridge Municipal Code outlines the duties of the office of City Manager. As part of my duties, it is my responsibility to “prepare and submit to the City Council a proposed annual budget for the City”. It is also stated that “for purposes of preparing the budget, the City Manager shall follow the procedures established in Article 2, Chapter 9 of the Park Ridge Municipal Code titled Budget Policy.

Further, Article 2, Chapter 9 establish the Powers and Duties of the City Manager in Implementing the Budget Policy, which further state that I (City Manager) will “schedule and hold budget workshops to cover topics the City Manager, Finance Director, or City Council deem appropriate”.

The Council has a Policy Statement #40 that states that the target fund balance for the General Fund is three months of budgeted operating expenses. Over the past few years, the City has not met this policy. Having the City adhere to this policy was my primary goal when I began the FY16 budget building process. I am happy to report that, when you incorporate the FY15 forecast, the FY16 budget will have the City adhering to this Policy at the end of the FY16 fiscal year.

Hard choices had to be made when constructing the FY16 budget, as the City continues to be restrained financially from the pressures of the Uptown TIF. I want to publically thank the various City Department Heads and staff members who continued to recognize this financial constraint as they presented their individual budget requests to me for consideration. Not every department expenditure request was included in the final budget.

Today’s materials are intended to be a “high level” submission of the budget. The Council will receive detailed budget information, by department, fund, and function, prior to the first budget meeting on February 3. Any and all information shared with the Council will be placed on the website, under the budget section. Prior budget materials are also contained in that same section of the website. The information contained in the FY16 budget will be vetted over the next few months. It is inevitable that, through Council additions or deletions, and through updated financial forecasts, that this budget will not be the final budget the Council approves. The City is required to approve a final budget by the start of the fiscal year, May 1.

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.

Specifics:

What I am recommending with the FY16 budget, compiled and submitted by me, is what I would call an “as is” or “status quo” budget. There are no new program additions. There is a recommendation to add an additional 2 FTE in the Public Works department (info below).

I am proud to report that, for the third year in a row, I present a General Fund budget surplus to the Council for consideration:

<u>Budget Submission</u>	<u>Results</u>
FY16: \$408,383	-----
FY15: \$239,522	\$804,628 (forecasted, pre TIF write off Dec 2014)
FY14: \$104,653	\$(290,466) (audited, reflects TIF write off of \$1,240,711)

The FY16 budget, like the previous I have been responsible for submitting, has been constructed using my budget philosophy of conservative revenue estimates offset with minimal to no expenditure growth, depending on the object code.

A summary of the major assumptions in the FY16 budget are as follows:

- Property tax revenue increased to reflect the December 2014 property tax levy
- The addition of 2 Public Works employees dedicated to flooding activities (paid 100% from the sewer fund)
- 10% increase in PPO, 5% increase in HMO health insurance coverage
- Minimal salary line item growth of 2% as a budget placeholder (open labor agreements, non-union wage increases, if applicable and promotional increases)
- Contingency funding of \$250,000 for open labor agreements, unexpected workers compensation claims, and liability claims.
- Delay of non-critical capital and investment projects to future budget years
- Zero funding for future flooding projects (sewer fund)

The fact that the budget surplus has grown, while incorporating minimum expenditure increases, is through sound fiscal management and realizing opportunities for efficiency without dramatically impacting the services the City provides.

Over the next few months, we will review the individual items in the FY16 budget submission through a series of Budget Workshop meetings. When possible, specific budget topics may be discussed during COW and Council meetings, if time allows.

Budget Meeting Schedule and Format:

With this budget year, City staff utilized MUNIS (Finance software) and an existing budget module that, in previous budget years, had not been utilized. The results of this, while reports will look and be formatted slightly different, will be more historically actual reporting and detail information that ever before when reports are generated for the packets. We will take the time on the first budget meeting to walk through the report format. The Chairman has sampled this format.

Unlike previous years, I have recommended to the Chairman that we take a Department approach to the individual budget meetings. You will see this approach reflected in the meeting schedule. I believe this approach will lead to a more strategic and comprehensive budget process, which will include opportunities to discuss long range planning initiative for current, and future, budget years.

Additional Information:

Alderman have the ability to submit to me, or request during any meeting, any items they would like considered during the budget meetings. Individual questions from Alderman are encouraged throughout this process. As in previous budget meetings, any additional item requested by an Alderman will be presented during a budget meeting in order to seek consensus if such requests should be researched by staff. Staff will not research any new budget request from Alderman unless there is consensus to do so.

The previously established ground rules of a hard stop at 10pm on the night of budget meetings will be followed.

Enclosures:

I am including the following items:

- The “Fund Balance Scorecard” which is a summary and tracking document used throughout the budget meetings
- Budget meeting schedule (subject to change)
- Municipal Code and CPS relating to the budget process