



## CITY OF PARK RIDGE

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**APPROVED**

### BUDGET WORKSHOP MEETING

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

TUESDAY, FEBRUARY 4, 2014, 7:00 P.M.

#### I. Roll Call

Alderman Knight called the meeting to order at 7:08 p.m.

City Clerk Betty Henneman read the Roll Call and the following Elected Officials indicated their presence at the meeting: Ald. Sweeney, Ald. Milissis, Ald. Smith, Ald. Shubert, Ald. Knight, Ald. Mazzuca, Ald. Maloney, and Mayor Schmidt. There was a quorum.

**Staff Present:** Shawn Hamilton, Kent Oliven, Diane Nelson, Jeff Sorensen, Wayne Zingsheim, Jim Testin, Frank Kaminski, Emily Riley

#### II. City Manager Budget Message

City Manager Hamilton introduced intern Emily Riley that is currently working in the Administration Department. City Manager Hamilton then delivered his budget message and thanked the teams in the departments that helped put this all together. Manager Hamilton also noted that his philosophy is to hold to a conservative approach with the budget. City Manager Hamilton explained that tough decisions had to be made and all department heads were very accommodating. Also, there is a surplus of 129% from last year and some of the highlights are that we were able to maintain this surplus budget. Per Manager Hamilton, there is nothing that has not been accounted for in this budget.

#### III. Budget Workshop Schedule

The budget schedule was discussed and the meeting for March 18 which has been cancelled will be re-scheduled. Per Ald. Knight, there may need to be other meetings scheduled if all of the items cannot be addressed during the four meetings currently on the calendar.

#### IV. Fund Balance Scorecard

Finance Director Kent Oliven went through and explained the fund balance scorecard. He pointed out that he added a current year forecast to the scorecard in the prior budget year. He stated that this year he added the fund type to help determine whether each fund would need two thirds of the Council for approval, per City Code. He pointed out that the GASB has changed terminology and that unrestricted fund balance would change to a better system in future years. Ald. Mazzuca asked for an all Funds view of the scorecard. Finance Director said that it will be done. Ald. Mazzuca also asked why the TIF deficit has improved so much. Finance Director Oliven stated some new student numbers came in better than original projections. Director Oliven also said that it is a transitional year since the TIF bonds are not being abated. Director Oliven said that the TIF will be covered at the end of this meeting and projections to the end of the TIF will be discussed at a future budget meeting. He said that in the November 11, 2013 meeting on the property tax levy, there was a document and conversation that the Uptown TIF debt is back-ended and would continue large average increases annually. Per Ald. Knight, this is a changing document which will be presented at future meetings with changes the Council makes.

## **V. Summary Budget – All Funds**

Finance Director Oliven explained that this spreadsheet gives the budget overview. Ald. Knight asked Director Oliven to provide a list of accruals that are in the fund balance scorecard and not in the Summary Budget.

## **VI. Revenues**

Finance Director Oliven stated that no fees have changed in the last year except for the late fee for not purchasing vehicle stickers on time. He showed the IML projections for the income tax, the use tax, the motor fuel tax, and the corporate personal property replacement tax. Director Oliven noted that the sales taxes were a little more difficult this year as there was very little information from Whole Foods and none from Mariano's yet. Per Director Oliven, the sales tax numbers are conservative and were forecast with the help of CP&D Director Jim Testin and City Manager Shawn Hamilton. The net effect is a 3% increase over the FY14 budget and 6% over the FY14 forecast. Director Oliven also noted that the Telecom tax had a 1.6% decrease, building permits had a 10% increase over the FY14 budget, and there is a 15% increase for non-exempt property transfers. Director Oliven stated that utility taxes were broken up with some going up and some going down. Per Director Oliven, the overall impact is a 2% increase. Director Oliven explained that the revenue rate listing had no changes due the fact that no rates have changed.

Ald. Mazzuca asked what number was used for the per capita number and Director Oliven replied that the census number of 37,480 was used. City Manager Hamilton noted that the revenue budget for next year is flat and there are no recommendations to change anything now. Ald. Mazzuca asked about five City owned properties that receive rental income and asked if the City is locked into these rates. Director Oliven stated that in rental contracts municipalities are seeing less money for rental properties in recent years.

## **VII. Shared Services**

Per Finance Director Oliven, the concept of shared services is that there are funds that perform either work or other services for other funds. To the extent that the funds getting the services are enterprise fund, they have a different mechanism for funding. Per Director Oliven, these are funded through our parking, water and sewer rates which are full accrual. Director Oliven stated that s is designed like a business that does not make money, it just covers the cost. Per Director Oliven, shared services are designed to say what services are being designed by other funds. Ald. Maloney asked who determines what percentage is allocated. Per Director Oliven, this is usually gone through about every five years by the Finance Department and the auditors look at it to make sure that it is accurate. City Manager Hamilton stated that these funds cover people, equipment, vehicles, software and anything else as long as it is verifiable. City Manager Hamilton stated that more funds that could be used from the Enterprise funds.

Ald. Mazzuca questioned some of the allocations for personnel. Director Oliven said that he would move the individuals to the appropriate departments. City Manager Hamilton stated that these items will be addressed in detail when Personnel is discussed at a later budget meeting. Ald. Mazzuca asked for the rationale for the spread of the allocation for the allocations of Fleet Maintenance. City Manager Hamilton said that if something is needed due to flooding or another thing, the allocation can always change. Mayor Schmidt asked if the 911 fund is a special revenue fund. Director Oliven stated that this is a tax on the phone bill. Mayor Schmidt asked if any thought has been given to raising the tax on the phone bill. Per Director Oliven, this can't be done due to the fact that the way the state law has been written, it needs to go to referendum to try to change it and if you lose it goes to zero. Ald. Mazzuca asked if there is an option to increase a utility tax. Director Oliven said that he was not sure but it could be discussed with the City Attorney.

## **VIII. Interfund Transfers**

Finance Director Oliven explained that these are monies that go from one fund to another, which usually happens at the end of the year. Per Director Oliven, a portion of these are to pay the bonds. Ald. Knight asked what is driving the trend which is on a downward slope. Director Oliven explained that this is due to the bonds. Hamilton explained that this is very common within municipalities. Ald. Sweeney asked how the City is handling the budget regarding changes to the new 911 center. Per City Manager Hamilton, this is a two year contract with Red Center in Des Plaines and for budgeting purposes we know now what we are paying for the two year agreement with Des Plaines through 2015. Hamilton went on to say that in 2015, Des Plaines and Park Ridge will rid themselves of that part of the agreement and costs will go down. Hamilton said that we are also keeping better records of what it costs to run E911.

## **IX. Debt Service Schedule**

Finance Director Oliven explained that the original purpose of this schedule was to list all information related to bonds in a rolling schedule. Ald. Mazzuca asked about the refinancing of a 2004B bond which was recently discussed. Per Director Oliven, this is 2004B which is related to the water fund and should happen in late spring or early summer. Director Oliven said although the interest rates rose extensively in the fall, but that he still believes that there are savings to be had. Director Oliven also said that almost all municipal bonds now have a ten year call date with the earliest being December 1, 2014. Alderman Knight looked at the Series 2006B, which the debt schedule said was callable on 12/1/14.

## **X. TIFs and TIF Related Payments**

Finance Director Oliven explained that he has been trying to pull all former TIF documents into one comprehensive schedule for each TIF.

Per Director Oliven, in the Dempster TIF there are two payments that are combined on a single page: one for incremental property taxes in the TIF and one for sales tax reimbursements from the General Fund. Director Oliven said that in regard to the sales tax reimbursement, there is a tier one and tier two. Director Oliven said that the TIF pays out most of its receipts and went on to say that on the General Fund side, we do get more sales tax revenue than we paid out. Per Director Oliven, we will not make the ultimate payoff cap by the end of the TIF so the \$200K will not be paid out and will continue on until the end.

Finance Director Oliven went over the format and content of the document in regard to The Uptown TIF which he put on one page. Ald. Sweeney asked if the Park District bond issue for the \$13 million for the new park will change the figure. Per Director Oliven, the Park District's new park will not affect any new property calculation, since the Park District is non-exempt. Director Oliven also stated that in regard to the numbers in the FY15 budget, the discussion about new property is part of the Uptown TIF Strategic Plan and has not yet been reflected in this spreadsheet. Director Oliven believes the EAVs (estimated assessed value) within the Uptown TIF fund has fallen more than the rest of the City. Per Director Oliven, Kane McKenna has a projected flat tax, yet they have been declining for a number of years. Mayor Schmidt asked if this is a sign that the assessed value of the property in the Uptown TIF is going down in relation to the property outside of the Uptown TIF. Per Director Oliven, these numbers have not been fully run yet but will be shortly. Per City Manager Hamilton, this validates the making of appeals with the PTABs. City Manager Hamilton said that he hopes that some of the work that Director Oliven did in segmenting the PINs will help.

Ald. Shubert asked about how often EAV is determined for the Uptown TIF so that a forecast for 2013 through 2015 can be determined. Per City Manager Hamilton, these assessments are done yearly and the County assessors do an assessment every three years. Per Director Oliven, the updated EAV is usually received in late May or early June. Director Oliven noted that in the December property tax levy we have to assume a constant EAV, since it is not yet known. City Manager Hamilton stated that we are predicting that we hit the bottom, but it will not be determined until the EAV is received. Finance Director Oliven said that the TIF is not something that we levy for because they are marginal dollars. Director Oliven also said that if there is a problem with a low EAV, then there would be no marginal dollars going into the TIF.

Ald. Sweeney asked if Napleton were to leave, what would the impact be on the Uptown TIF. Director Oliven said he and Director Testin talked about that lot and decided to project a decrease in sales, but not closed. Director Oliven said that if Napleton closed its open location, that it definitely would have an impact, although than if the PINs were not being now annually segregated. Director Oliven also stated that if a commercial property were redeveloped as residential in the TIF district, it might bring property taxes into the City again, but it may not pass the base EAV, which would mean that no marginal tax dollars from that change would come into the TIF. Ald. Mazzuca requested that a total line on the TIF be added. Director Oliven said that would not be a problem at the conclusion of the budget meetings.

## **XI. Adjournment**

The meeting adjourned at 9:05 pm