

City of Prospect Heights Strategic Directions Committee

Meeting Minutes: July 20, 2017

The meeting was called to order by Chairman Rosenthal at 7:06 pm.

Present: Chairman Rosenthal, Alderman Ludvigsen, City Clerk Morgan-Adams, and Administrator Wade.
Also present: Finance Director Mike DuCharme.

Minutes of June 14 Meeting

Motion was made by Alderman Ludvigsen, second by Administrator Wade, to approve the meeting minutes of June 14, 2017. (Motion Approved 3ayes, 0 nays)

2017-2018 Budget Process Discussion

Chairman Rosenthal recapped last meeting's discussion, the Council's desire for the budget process to take a longer period of time, more involvement of staff, and prioritization of needs.

Alderman Ludvigsen suggested two improvements: approving the budget through review of suggested groupings, such as police or other departments, and identifying spending which is outside of the operating budget.

Director DuCharme stated that in general, 85-88% of a budget is tasked to operations and 15% or less is available for capital spending or other initiatives. Cities try to keep operating budgets from fluctuating. The City may want to consider an amount threshold of \$25,000 or more for items that are identified as capital expenditures. These are generally items of sizable cost and long-term value. Moving such items to the capital projects fund stabilizes the operating budget.

Chairman Rosenthal asked about the definition of capital items and the City adopting such a cost threshold.

Director DuCharme asked if the City reviewed funds individually. He also said he was confused by the City's transfer process between funds, for example, reimbursing the general fund for time spent in other funds. He suggested placing a line item in funds where it is known from experience there will be expenses, such as a portion of salary/personnel costs. He questioned why the City would create a number, placed in the budget, which happens to be the amount that gets transferred. A budget line item would serve the same purpose without the transfer process.

Director DuCharme also noted he was not used to a system of more than one budget amendment after the end of the year, as required by auditors. He referenced a potential problem in the bond market's value of financial management in making their ratings assessments. Typically, the raters would not view 15-20 budget amendments as demonstrating sound financial management. He suggested the budget should be more closely aligned to anticipated (budgeted) expenses.

There followed general discussion of the new State budget and its impact on local government distributive funds. Mr. DuCharme referenced information provided from the Illinois Municipal League, which noted lag payments will be made earlier. The net impact is the City's cash flow will improve, but it will still experience a 10 % reduction in revenues (approximately \$160,000)

Chairman Rosenthal asked if the City should shift to a calendar year budget. Mr. DuCharme said that is not necessary, as most local governments have fiscal years ending December 31 or April 30.

Chairman Rosenthal reviewed the Committee's recommended budget principles. Alderman Ludvigsen added the budget should include other information, such as a narrative capturing the major points of the budget's capital items and fund analysis.

Mr. DuCharme also recommended a six-month budget report to advise what the City is experiencing. He also asked how much time the Council would want to spend on the budget.

Administrator Wade suggested a first budget meeting/presentation in December to provide an overview of revenues and fund analysis, and possibly goals of the City. This could be followed by department budget presentations at regular meetings in January, February and March.

Director DuCharme said the Finance Department is behind in reconciliations as the last completed resolution was January. Once the reconciliations are caught up, the department can present monthly financial reports by the 20th of each month. Presently, Lauterbach and Amen have only been with the City a month, but at present, he could not tell the Council where the City ended financially on April 30th, and that is not good.

Chairman Rosenthal asked what could be done to get caught up.

Director DuCharme noted the Finance Department is aware of the incomplete reconciliations. These will take a sizable amount of time, as the work is intricate. The Department is also prioritizing the needs of the City. For example, late notices have not been sent on parking tickets since June, 2016. If these letters had gone out, the unpaid tickets could have been turned over to a collection agency by now. He noted Redspeed tickets are also a few months behind.

City Clerk Morgan-Adams asked how much revenue might be involved. Mr. DuCharme stated he did not know how many tickets were involved in the backlog. Once the tickets are sent to collections, the City has the opportunity to recover the money from collections or Illinois Debt Recovery Program. Mr. DuCharme also noted the City needs to follow up on vehicle stickers. He stated staff can focus on reconciliations or collections. Both are important, but they cannot focus on both.

Alderman Ludvigsen requested a memo addressing the status of these and other areas every two weeks. A calendar could be developed showing where Finance is with their activities.

Chairman Rosenthal said a progress report advising what was being uncovered and what was planned to become current would be beneficial.

Administrator Wade said that while Finance is attempting to catch up with these tasks, other work does not stop. For example, much of Director DuCharme's recent work recently has been involved with the new sanitary sewer rates and the inclusion of the special service areas.

Director DuCharme said that once the Department completed the reconciliations, the work would become easier.

Alderman Ludvigsen and Chairman Rosenthal asked if supplemental work by Lauterbach and Amen would help the City address these issues. There followed general discussion about additional work that was still within the budget to address these deficiencies.

City Center Planning

Chairman Rosenthal introduced the second item of the agenda; the work plan submitted by Mr. Tinaglia. He said the project proposal outlined tasks for an anticipated 42 week project.

There followed general discussion of what level the Committee and Council should be involved in the Plan. Chairman Rosenthal said that Mayor Helmer had advised him the Committee should stay involved with the planning process.

Alderman Ludvigsen said if the Committee gets involved in the construction of the plan, it would become the Committee's plan. He thought it may be more beneficial for an experienced planner, such as Mr. Tinaglia, to provide a first draft for Committee review and comment. He also said this planning process should be merged with the City's geographic information systems efforts.

There being no further business, a motion was made by City Clerk Morgan-Adams, second by Alderman Ludvigsen, to adjourn the meeting at 8:05. (Ayes:3 Nays: 0).