CITY OF PROSPECT HEIGHTS CITY COUNCIL
SPECIAL BUDGET MEETING MINUTES
March 05, 2018 6:33 p.m.
City Hall
8 North Elmhurst Road-Mayor's Office
Prospect Heights, IL 60070

CALL TO ORDER – At 7:47 p.m. Administrator Joe Wade called to order the first in a series of Budget Meetings session on March 05, 2018 North Elmhurst Road, Basement Conference Room, Prospect Heights, IL 60070.
ROLL CALL – City Clerk Morgan-Adams called the roll.
Elected Officials present in attendance – Aldermen – Dolick, Williamson, Ludvigsen, and Rosenthal participating, –, Rich Tibbits, City Treasurer, Wendy Morgan-Adams, City Clerk,
Other Elected Officials Not Present- Mayor Helmer and Alderman Messer (by previous notification);
Also in attendance Joe Wade, Administrator, John O'Driscoll, City Attorney, Dan Peterson, Building and Zoning Director, Al Steffen, Police Chief, Assistant Administrator, Peter Falcone, Finance Director, Michael DuCharme, Public Works Superintendent, Mark Roscoe, Digital Communications Technician Colvin

PLEDGE OF ALLEGIANCE: All participated

CITY OF PROSPECT HEIGHTS FISCAL YEAR 2018-2019 FIRST BUDGET WORKSHOP SESSION

Administrator Joe Wade opens the meeting after roll call and pledge of allegiance. This budget process follows procedural change recommendation from the Strategic Directions Committee as follows:
1) To break up the sessions into parts instead of having one marathon session.
2) That to enable direct communications the department directors of each department will present their respective budgets
3) To address the service charge issues

The budget as presented which we are discussing tonight is a balanced budget, with a small surplus, which also reflects the loss of $160,000.,00 (10% cut) of our Local Government Distributive Funds and $150,000.00 cut in the airport sales tax taken by the State, from the Federal Aviation

Administration ruling that monies collected by the airports must be returned to the airports. So, we are starting with $310,000.,00 to the red.

Proposed budget also represents a major structural changer with the elimination of roughly 95% of services charges we had in previous budgets. This is also based on recommendations of the Strategic Directions Committee. Michael DuCharme will discuss how this is accomplished and the impact on the budget and we will discuss the memo of strategic budgetary issues.

Michael DuCharme discussed how this budget is different than past budgets and particularly that this budget in the culmination of direct communications of the departments and their directors so each department has had direct input into the formulation of the budget as opposed to prior years and each department shall present their own budget. He also credits Cheri Graefen for all her hard work on this budget.

I. STRATEGIC FINANCIAL ISSUES AND FUND BALANCE PROJECITONS

Presented by Michael DuCharme.

Fund Balance Projections-

"It shows every single fund in the City, what is projected as revenue for these funds, and expenditures for these funds through the end of this fiscal year and a projected fund balance at the end of this fiscal year. We have a positive overall balance. The only negative balance is in the SSA #1 which is showing a negative $102,90.00. That has been a negative fund balance for some time and nothing will make that positive going forward. At some point in time that fund will have to be closed out and it will draw down the general fund.

We have eliminated service charges and we expect that for the general fund we will end up approximately $300,000.00 to the good and with the elimination of the bulk of the services charges we will have $115,00.00 more revenue than expenses.

With regard to the parking fund we are maximizing our revenues and minimizing our expenses. So, there have been loans to the parking fund for many years from the general fund, which makes it look like a positive and not a negative even though we are running a deficit every year.

Fiscal Year 2018-19 Budget, For every fund in the city of Prospect Heights what we are proposing for revenues for the coming fiscal year. For all expenses we have funding for and they are marked in yellow.

SSA's showing more expenses than there are revenues. This is to be able to pay for expenses we need in those areas so we don't have to amend the budget. The General Fund can loan the money for these expenses.

Capital funds showing $1,756,000.00. we transferred 5.9 million dollars from the general fund to the capital projects funds to offset that negative.

Recap showing projected Revenues of $8,625,570.00 and Expenses of $8,319,373. When we get to April 30, 2018 we expect to have an unassigned fund balance of $2,451,851. There is 2.4 million of reserve which is set aside to cover in the event of an emergency or a disaster. This represents 27% of the City's operating expenses. In addition to this, there is an additional 1.8 or 1.9 million and at the end of 2018 and that money could be used to increase the reserve or 1.2 million can be moved over to the capital fund to have more funds for the capital projects fund.

Proposed Balanced Budget for FY 2018-19 There are estimated General Fund Revenues in the amount of $8,516.560.00. This represents a 1.3 decrease from the last fiscal year due to a reduction in income tax revenue and a loss of airport revenue.

Revenue Composition This shows the General Fund Revenues by Category. This includes Local taxes, Intergovernmental, Grants, Licenses and fees, Franchise fees, Building and Zoning Fees, Public Safety Revenue, Interfund Charges, and a category of "Other".

Major Revenue Trends. Sales taxes have gone up. Places of eating tax are flat, Video gaming tax is slightly up. Income tax is slightly down.

Proposed Balanced Budget for FY 2018-19. Estimated General Fund Expenditures slightly up from estimated in 2017-18 but represents less than 1% increase from last fiscal year and now includes service charges.

Expenditures Composition. By Department 58% represents Public Safety. 14% represents Public Works, 15% represents Admin, Finance, Engineering, 6% represents Building and Zoning. Other is 6% and City Council and Boards is 1%.

Debt Service – Future payments includes General Obligation Bonds, Palatine/Milwaukee TIF Series 2004, SSA #6 Bonds Series 2009, G. O. Debt Certificates-Water Fund Series 2010. Total Outstanding Debt -2018 FY $2,326,077. For 2019 FY projected at $1,799,009.

With 95% of the service charges eliminated only Garbage and Tourism is left.

With regard to the Water Rate increase it worked out to be about a 3%. increase. The $200,000.00 that was assessed to the Water Fund was not built into the water rate so the users of the water system were not contributing to the $200,000.00 expenses of service charges. With only about 1000 water customers that is a problem. So, if there are significant capital expenses related to the water fund that they will need to be built into the water rate in the future and water rates will go up substantially,

Funding of Capital Improvement Programs- We have identified a few possible sources for contributions. There is about 330K from the tourism district. There are funds from MFT money pending IDOT review and approval. There are also charges from SWANK. There is about 650K dollars of funds and we are recommending that 530K of that be transferred to the capital improvement fund. We are further recommending that we continue that level of funding because garbage trucks do more damage to our streets than any other vehicles.

Other items in the Capital fund we can pursue are sidewalks and we identified a couple streets eligible for service transportation program funding. We are trying to do everything we can to obtain supplemental funding. We also will consider obtaining competitive bids for our solid waste management.

II. POLICE DEPARTMENT BUDGET- PRESENTED BY CHIEF STEFFEN

The Budget is basically flat. Staffing- We are fully staffed. Only changes -three officers acting as officers in charge so there is a need to appoint three corporals. One sergeant is retiring.

Goals to Maintain the current level of quality service, employee retention and maintain/upgrade tools to do their job.
Challenges NWCDS CAD/RMS- 3rd time we've be through this project. It will be in place for a long time. Paid out of their own budget and 911 surcharges. Might be some extra items but haven't received a list yet.
VOCA grant elimination- for over 20 years we've partnered with two social worker advocates from OMNI. These victim advocates provide an integral service to the department and fulfill a number of mandates for the department which are needed and it is better and much less expensive than having to hire out staffing for these necessary domestic violence services ourselves. We are also trying to obtain the grant again.
Other Training Mandates- Required by the State to have a number of hours of education instruction every year in certain core areas: Civil Rights, Constitutional Law, Human Rights Law updates, Cultural Competency, Procedural Justice, Use of Force and other core topics.
Alternative Funding Sources- Biggest one is DEA funds. About $303K and expected additional revenue. Look to receive money back from the County as well.
Approach to Goal Achievement- Data Driven approach to Crime and Safety
Reputation- Social Media-Branding- Keep staff happy and motivated
Cross training/Career progression management
Transparency, Communication and Cost Management

Budget Challenges Northwest Central Dispatch Computer Aided Dispatch (CAD) and Records Management System Upgrade- FY 2017 -18 Base. NWCD budget called for $287,452 which included $50K as a down payment for the new system. NWCDS used reserves for the additional $50K, which was offset by our base fee being raised due to an increase in activity on the part of the PHPD, including 911 calls, regular telephone inquiries, reports and self-initiated. activity.

Budget Challenges NWCDS- Negotiations are ongoing with the 2 top companies. (Motorola and Hexagon) Funding continued through 911 surcharges collections and reserves. But it will not include the cost of any add on programs such as P-Ticket tracking. This new CAD/RMS system will require the City to upgrade 16 new squad lap tops and 22 new station workstations. Propose to also use for upgrades funding from DUI expense and DEA funds for the purchasing of said equipment and necessary hardware/software to make in operational.

Budget Challenges VOCA – Prospect Height's has been the recipient of the Federal VOCA (Victim of Crimes Act) funding thought the Illinois Criminal Justice Information Authority for over 20 years. Our Grant is expiring and further funding is continuing to be sought. Prospect Heights continues to have a high rate of Domestic Violence requiring extra attention under the law. So, without the grant and the advocates we have we would have to hire more staff and a full time det4ective. The VOCA line item is being moved from grants to special professional services line,

Budget Challenges Personnel. Union contracts. Patrolman's settled. Sergeants' negotiations in progress. Five officers nearing their 29th year in this fiscal year. Police officer and sergeant's eligibility list established. Five-year training plan for all new officers.

Revenues- Red Speed, Fines, Admin Tows, DUIs Alarms and Fees.

Budget Challenges Alternative Funding Sources DEA Task Force Officer- Continues to bring in a considerable amount of revenue. Funds can only be used to increase or supplement the resources to the receiving agency. Shared funds shall not be used to replace or supplant the appropriated resources of the department.

III. BUILDING AND DEVELOPMENT DEPARTMENT- 2019 Presented by Dan Peterson

Building and Development Budget Summary
General Funds FY 29019 total revenues $431,000,00. Flat to FY 2018 Amended Budget. Total Expenditures $526,760.00. Projected $113,675. Reduction vs. FY 2018- primarily due to moving engineering fees to administrative department. $95K Engineering removed from Building and Zoning, Department. Permit and Inspections $186,850, Rental License and Inspection Program $220,000.00, Business Registration and Inspection Program $8,250, Development and Public Hearing –PZBA Applications $2500.00, Vacant and Foreclosed Registration (New in 2019) $13,400.00.

Permits and Inspections- Reflects a $10K reduction in revenues vs. 2018. Estimations for new projects- Thornton's, new single-family homes, and continuation of strong home remodeling climate. FY 2018 expects a budget surplus in revenue realized in part due to a one-time capital project at Quincy Park. All units had to have electrical service panel upgrades.

Rental License and Inspection Program- Now 1760 residential units are registered FY 2018- City had a 99% payment and inspection compliance rate. Outstanding unit owners have been cited and referred to Court. Every unit receives an annual inspection during the course of the year to ensure health and safety codes are being followed.

Business Registration and Inspection Program- For FY 2018, there were 206 businesses that registered and were inspected. Initial survey indicates that there may be another 90 businesses that are either unregistered or vacant. An Additional 90 businesses would add $4,500 in net revenue not including any other business license fees that may be applicable.

FY 2019 Program Goals
Consolidate the business registration and business license programs to streamline the process. Identify business that are not registered or licensed, ensure that business is properly categorized and licensed appropriately. We need to also maximize the collection of fees owed to the City.

Vacant and Foreclosed Property Registration- FY 2018 entered into an agreement with ProChamp. Fees collected will off-set the cost of inspections and internal cost related to vacant/foreclosed properties. The program started in January 2018. 20 properties have registered as of 2/12/18 for $2,000,00 new revenue for this year so far, FY 2019 is projecting that 67 properties will be registered in the program and will generate $13,400.00.

Expenditures - FY 2019 it is Projected to be $526,760.00. Personnel is $424,39 which is 81%. of March052018the budget. Professional Services is $74,300.00 which is 14% of the budget. Third party contract services
Health inspections expenses- revenue reflected in Administration/Business Licenses. Insurance is $4,900.00 which is 1% of the budget. Liability Workers Comp. and Commodities are $19,240.00 which is 4% of the budget. Approximately 96% of the Building and Development Budget are fixed costs.
We expect a 95,000.00 reduction due to that line item being moved to the Engineering Budget Account.
In addition, there will be a $8,000 reduction due to not having billable engineering, a $600.00 reduction in training, $8,564.00 reduction in liability and Worker's Comp insurance, and in increase in the gasoline expenditure line item.
Operational items not shown in this budget that would be beneficial is a Large format copier/scanner/printer. (Purchase costs $6,995.00 with a 2-year service pkg. costing an additional $2,595.00.

ADJOURNMENT. At 9:05 pm Alderman Rosenthal moved to adjourn the open session budget meeting. Alderman Ludvigsen seconded the motion. All were in favor.

Budget session was adjourned at 9:05 pm

Approved by the City Council of the City of Prospect Heights on this the 26th day of March, 2018.

Wendy Morgan-Adams
City Clerk Morgan-Adams

Mayor Nicholas J. Helmer

CITY OF PROSPECT HEIGHTS
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