CITY OF PROSPECT HEIGHTS
BUDGET WORKSHOP
February 16, 2013

MINUTES

CALL TO ORDER
The meeting was called to order at 8:00 a.m. at City Hall, 8 North Elmhurst Road, Prospect Heights, Cook County, Illinois.

ROLL CALL
Present: Mayor Helmer (arrived at 9:15am), Aldermen Higgins, Ludvigsen, Styler, Williamson
Absent: Alderman Mendez

A quorum was present. Also present: City Clerk Adamson, City Treasurer Tibbits, City Administrator Marrin, Deputy Police Chief Steffen, Director of Building and Zoning Skiber, City Engineer/Public Works Director Johnson, and Finance Director Hannon.

SCHEDULED BUSINESS
A. Confirm Budget Calendar/Schedule.
The Council reviewed the budget calendar and schedule.

B. Review FY 2014 Preliminary Proposed Budget.
Finance Director Hannon reported that the total revenue project for FY 2014 is $8,884,256 which is an increase of about $251,000 over the previous fiscal year. The increase is mainly due to HB5362, non-home rule sales tax does not need a separate fund. Therefore, the non-home rule sales tax will be incorporated into the General Fund. She reported that expenses are projected to go up. There is a proposed line of credit to Special Service Area 8 of $400,000.

Alderman Higgins asked if the line of credit also includes what is owed to Special Service Area 5.

Finance Director Hannon said it did.

City Administrator Marrin commented that she wanted to make sure that the City Council was okay with the line of credit rather than using bonds. She explained that ComEd rates will change in June and will probably drop.

Alderman Williamson commented that if rates are decreasing, the City will receive less taxes from the electrical bills.

Finance Director Hannon commented that the electrical tax revenue can be reduced and state that with the new ComEd rates, the City is expecting lower revenues from electrical utility taxes. She projected natural gas revenue to remain flat. She is projecting a 1% increase in the telecommunications tax revenue. The City will no longer be getting the hotel tax so that is zero. Road and bridge taxes will remain flat. The rental car revenue is projected to remain flat. With the addition of Hertz, the City will look into whether or not they are reporting the taxes correctly. The Places for Eating tax has been projected to have a $40,000 increase. The OTB taxes are remaining at around $6,000 per month. That is proposed to remain flat. The Amusement Tax is projected to increase due to ticket sales at HOME. The income tax revenue from the State of Illinois is projected to increase by 4% which is a share of what is paid to the State of Illinois on income taxes. The property replacement tax will remain flat. The sales tax is projected to increase by 2.45% however it is difficult to project the new supermarkets as it is hard to project what the revenues will be from those businesses.

City Administrator Marrin reported that the Glenview shared revenue income is projected to be $339,000 in the first year however that will not be projected into this fiscal year.

Finance Director Hannon commented that the Airport Revenue Sharing budgeted amount is based on how much Wheeling has in their budget that they are willing to give the City.

City Administrator Marrin commented that with the new accounting system, the City is paying itself for various things that in the past it was not reimbursing itself for. She commented that there were a lot of funds that money was sitting in. The City went back and paid itself for the various services. Additionally, since she has been with the City, the City has gotten over $2,000,000 in grant funding and rebates. The City use to take everything out of the General Fund and pay for it. That is what got the City into so much trouble. The City never paid itself and the General Fund was depleted. Now that there have been due to/due from transfers done, the City is now paying itself and thus giving the City a balance in the General Fund.

Finance Director Hannon commented that the City will continue to receive the VOCA grant funds. With respect to the DCEO grant, the line item will be watched for when the money is received by the City.

City Administrator Marrin explained that the DCEO grant is the stimulus funding which was awarded but not yet deposited by the State of Illinois. The grant award is $325,000. It will be used to pay for the Public Works building addition. This is a reimbursement from previous expenditures for roads so there is no match to the grant funds. The City is additionally working on grants for the Comprehensive Land Use Plan and for changing city lighting to LED lower cost, energy efficient lighting.

Finance Director Hannon reported that with the anticipated $5 decrease to vehicle stickers, the impact will be $60,600 just in vehicle stickers. This is the impact if the City Council chooses to decrease the vehicle sticker fees. This is a discussion that the City Council needs to have.

Alderman Higgins commented that if the City has $1.5 million, why the price can't be lowered to $50. The price used to be at $35.

City Treasurer Tibbits commented that $5 does not mean anything to anybody.

Alderman Higgins commented that if the sticker prices are lowered to $50, it looks like the City is moving in the right direction.

Alderman Ludvigsen commented that he feels the budget number should be left as proposed for the vehicle sticker until the Council decides what to do with the price.

Finance Director Hannon commented that some of the service charges are going away. The City is losing the road service charge which is $350,000. There are some onetime charges which look good however they will be gone in the next year. With the City going for bonds and looking at TIF money utilization, the City will have an even better idea of where it is at financially. She is hesitant to reduce sticker prices by too much. She commented that the bonds are the City's biggest debt. Once the bond debt is gone, then there is more flexibility in the General Fund. The liquor license revenue is proposed using what is currently established so that amount will remain flat. Business licenses are also projected to remain flat. There has been discussion about the various business licenses that are being charged which need to be looked at such as gumball machine licenses and other small item licenses. All the franchise fees have been projected to remain flat.

City Treasurer Tibbits asked if the City can split out the PEG fees from the cable franchise fees. This is something he would like to talk about when allocating the budget for A/V. Right now, his understanding is that WOW and U-verse are giving the City 1% PEG fees however Comcast is not.

City Administrator Marrin commented that the PEG fee issue was decided by the City Council when the agreement with Comcast was renewed a few years ago. Comcast commented that they won't collect PEG fees but if each municipality wants to, they need to pass an ordinance and write a letter to Comcast to collect the PEG fees. The Council decided not to add an additional 1% charge on the Comcast cable bill.

Finance Director Hannon commented that there is one check remitted for the total franchise fee amount. She can try to see if it is possible.

Alderman Williamson commented that he does not want an additional 1% on his cable bill.

Director of Building and Zoning Skiber commented that building permits that are anticipated are the ten remaining Lexington townhomes, Ultra Foods, Save-a-lot, and Hawthorne fixed based operator. These fees will hit the General Fund but it is unclear in which budget year they will come. These are all positive revenues and are significant increases over the last four years. Activity is increasing. He is confident that the projects will continue to come in. There are several lots that are available for building. The Building and Zoning Department are looking to review fees. The fees have not been reviewed since 2007 when the City adopted the ICC codes. He anticipates an increase across the board.

City Administrator Marrin commented that there are reimbursable fees that need to be looked at as well for example when a Plan/Zoning Board of Appeals Meeting has the City Attorney there, these fees can be recaptured. There currently is no mechanism to do that.

Alderman Williamson asked how the City's rental inspection fees compare to surrounding communities.

Director of Building and Zoning Skiber commented that they are probably in line now. When the fees went from $40 per unit to $100 per unit, the City was the second highest fee at that time. At the moment, the City is around the middle of the pack on rental inspection fees.

Alderman Styler asked what the fees are anticipated for the Hawthorne FBO permit.

Director of Building and Zoning Skiber commented that it would be a $6.6 million project. He believes a ball park figure would be around $60,000.

Finance Director Hannon reported that the City projected a slight increase in traffic fines. She has worked on collecting on past due tickets which has brought in additional funds. She thinks the increase may be higher however she is projecting a conservative increase. The seizure fee will increase due to administrative towing revenues continuing. The task force is related to DEA overtime which is reimbursable. The special detail line item is reimbursable for the park district and for HOME.

Alderman Ludvigsen asked if there could be a charge where if an establishment has a liquor license and there is a police call that is liquor related.

Deputy Chief Steffen commented that there is no charge like that.

City Administrator Marrin commented that in the past, the Police Department has provided services and not charged for those services. The businesses and entities using police services for details will be charged for the hours spent by officers.

Deputy Chief Steffen explained that the Prospect Heights Park District asked for the Police Department to provide security services as they were not happy with their security services previously.

Alderman Williamson commented that when the City charges another taxing district, all that is happening is that district then passes the cost onto the residents.

Alderman Ludvigsen commented that the districts don't want to hire someone to do the work so it is cheaper to have the City go and do the task.

Alderman Williamson commented that he agrees with charging for special details for the Police Department but when Public Works goes over and helps out another district, as a community there shouldn't be a charge for every single service.

City Administrator Marrin commented that the intention is not to charge for every service provided to either the Fire District or the Park District. The City has a good relationship with the Fire District and the Park District.

Mayor Helmer arrived to the meeting at 9:15am.

Finance Director Hannon commented that the service charges are derived from public works overhead. This is done by reviewing the public works time cards and reviewing true expenses of labor attributed to various special service areas and then affixing a service charge. Employee salary reimbursement covers the crossing guards as the City pays the crossing guards but is then reimbursed by the School District. With respect to retiree insurance reimbursement, the City has retirees who stayed on the City's health insurance plan and reimburse the City for premiums. The building and zoning reimbursement is for any legal or engineering work the City bills out for and gets reimbursed for. The public works reimbursable fees are for Old Town Sanitary work. Tourism beautification will have $24,000 allocated for the tourism zone. The parking fund owes the City about $500,000 which the City is not going to get back unless the City does something that qualifies for the expenditure from the parking fund.

Alderman Ludvigsen commented that some of the SSA's are being charged almost their total income for the year and are not sustainable.

Finance Director Hannon explained that with respect to interest income, with IMET the City is earning between .25% and .3% so there is an approximate $5,000 increase. She commented that on the expense side, wages include the Council's current wages. Aldermanic expense is for training and conferences which has $4,000 budgeted. Memberships are related to participating in IML, NWMC, and MMC. She will remove the travel expense line item for the Council and the Committees and put it under the Aldermanic expenses line item. The special events line item is for the community breakfast and awards. The A/V line item has $5,000.

Alderman Williamson commented that $5,000 for A/V is a lot of money.

City Treasurer Tibbits commented that the PEG fees should be allocated to the A/V Department.

Alderman Ludvigsen commented that the problem with that is that a whole other account is created by doing that because it isn't just a PEG fee and capital expenses, but now there is discussion of replacing the unit that cools that space and the budget of that department. He feels it works out well now where the A/V Department asks for something and the Council knows the PEG fees are there to help pay for the requested item.

City Treasurer Tibbits commented that the A/V Department is operated all on a volunteer standpoint. There is time and effort that goes into the A/V Department. He commented that Elk Grove Village allocated $400,000 and Mount Prospect has $130,000 budgeted for A/V.

Alderman Ludvigsen commented that Prospect Heights can't be compared to towns like Elk Grove Village and Mount Prospect because they have much larger budgets. He feels that the City needs to be careful with saying that every department has to be to the standard of some other town.

City Treasurer Tibbits commented that the A/V Department that the City currently has is very comparable to every other municipality in the surrounding area. He feels that arguing over $5,000 or $10,000 for A/V is an insane because the City is getting so much for so little.

Alderman Williamson commented that he does not want to pay more on his cable bill for the PEG fees.

Alderman Ludvigsen asked to put a discussion of PEG fee allocation on the Committee of the Whole agenda.

City Treasurer Tibbits left the meeting at 9:30am.

Finance Director Hannon commented that the Summerfest was paid for by CVB and would be added to special events under the Council budget in the amount of $10,000. With respect to the Admin Department budget, there is a new part time administrative assistant which appears on the proposed budget. With professional services, the City is looking at code updates so the professional services line item will remain flat. The audit expense is based on fund balances as well as the number of journal entries, with a formula in place to allocate the amount. The audit amount has gone up by $1,000 because City funds are higher. The City Attorney expenses have increased over the last year.

Alderman Ludvigsen asked if the City Attorney expense in the Admin Department is only for general City Council issues and not for TIF work.

City Administrator Marrin explained that TIF work is separated out from charges for general administrative legal expenses.

Alderman Ludvigsen asked if the airport issue legal fees are billable to the airport. He feels the problem is that the City does not allocate enough funds to the specific area that the attorney worked on.

Alderman Williamson commented that money is being taken out of the road program and given to the City Attorney and taking money away from the program whereas the City will ultimately recoup that money if it comes to a settlement. He asked how the settlement money would go back into the road program. He asked what the cost has been to the road program for legal fees.

City Administrator Marrin commented that the City was billed in the past month just over $5,000 for road related legal fees.

Finance Director Hannon commented that the Housing Attorney and City Prosecutor line items will remain flat. The Labor Attorney line item incorporates labor negotiations however the negotiations can carry over to the next fiscal year which would affect the line item. With respect to the labor wages, the City anticipates a 1% increase in May and 1% increase in November as occurred in the past year. CPI is 1.7%. With respect to the computer consultant expenses, the line item takes into account improving and protecting the system.

City Administrator Marrin commented that once all the IT gets back on track, the budget expense amount for IT will go down. Some things need to be replaced but once all the IT fixes are in place, the line item will go down.

Finance Director Hannon commented that the postage line item includes the newsletter mailing which will remain flat. Legal notices will remain at $3,500. The website fees are for maintenance fees. Training fees are to attend the ILCMA conference and the GFOA conference to get training and current events. The utilities include the Call One, Nicor, cable, electric, and water bills.

City Administrator Marrin commented that the City would like to get rid of Call One and work with a cheaper call provider. With Nicor, gas prices are the lowest they have been in years however they will be going up. She would like to have some coverage before they go up so the City is looking at other gas providers.

Finance Director Hannon commented that the liability insurance is based on actual building and equipment allocations by department. Workman's compensation is allocated by department. Payroll service fees are for Pro/Data payroll services. Accounting services is for the software fees. The office supplies budget was lowered slightly. Employee recognition will remain flat. For software, the City is looking at acquiring Adobe Writer so that forms can be filled out. With respect to engineering, everything is almost the same except there is a slight increase in IMRF which the City can't do anything about. The Administration Department is pretty much overall flat on expenses.

Director of Building and Zoning Skiber commented that the Building and Zoning Department has created a succession plan. Part of the plan is a transition period. The new Assistant Building and Zoning Director, Steve Cutaia, has been shadowing Building Inspector Brent Zimmermann. In a couple of months, Brent will be going to Public Works to fill a vacancy. Looking forward into the budget year, the programs that will continue are permit issuance, plan reviews, rental inspection program, business inspection program, code compliance program, PZBA hearings, oversight of the roads, Safe Routes to School, levee 37, and phase three for the roads. The Building and Zoning Staffing level is Steve Skiber and Steve Cutaia, as well as Linda who is splitting her time with administrative work. This year, the Building and Zoning Department is proposing to do the CMAP Comprehensive Plan. The City has a 1996 document which is a negative impact to the City because we need a current document. It is a huge undertaking to do it right and there is a plan in place to move forward using grant money. The Building and Zoning Department would like to expand the business inspection program to capture all businesses. He feels that there are some businesses that are not being accounted for. He talked with the Police Department about doing a crime free housing program which the City does not currently have. This would work with multifamily property owners to help implement crime free housing practices. The Building and Zoning Department would like to have a better progressive code enforcement program where they are proactive rather than reactive. They would like to inventory and market the vacant spaces within the City. They would like to fully develop the City website and back that up with hard copy documentations. The Building and Zoning Department would like to adopt the 2012 ICC codes and review the amendments. The Building and Zoning Department would like to do a complete fee review and consolidation. He requested consideration from the City Council to restore the Code Enforcement Officer/Building Inspector in the second half of the budget year on or about November 1, 2013. He is afraid that Steve Cutaia will be used much like Brent is utilized at the moment. He feels that Brent's resources will be better utilized in the Building and Zoning Department than the Public Works Department. Historically, there were four complete people in the Building and Zoning Department which included two inspectors, a director, and an admin assistant that was dedicated to building and engineering and not administrative services. The current staffing level is where it has been since 2007. The Building and Zoning Department has been doing more with less over the last couple years. He does not feel that the Building and Zoning Department can do the things planned with the current staffing level. He feels that the City can more than account for the cost of the inspector just in the fact that there will be more inspections and more code enforcement. If the fee structure is restructured, there will be increased revenue across the board. The budget does not need to be changed at the moment, however he is asking for consideration for an amendment in November.

There was a brief discussion about personnel in the Building and Zoning Department.

Finance Director Hannon commented the Building and Zoning Inspector will be added back into the Building and Zoning budget and removed from the Public Works budget. With respect to Public Works, the salaries line item will be reduced by $97,000. The salaries line item for Building and Zoning will be increased by $97,000. The Public Works expenses are decreased as overtime has been lower with the milder snow events. Health insurance for Public Works will be going down with the removal of the one person to Building and Zoning. With respect to SSA 9, there is an increase of $10,000 for legal expense and mailings. With respect to MFT, there is an approximate increase of $74,177 for Illinois Jobs Now final payment. With respect to the Tourism Zone, the revenue is reduced by $12,000 due to the closure of the Fairbridge Inn. For the Water Fund, the overtime line item is being increased by $2,000. With respect to the Road Bond, the budget will remove $5 million in 2012 revenue as bonds will be issued in 2013.

The council had a brief discussion about the pension fund and parking fund.

ADJOURNMENT

Motion made by Alderman Styler, seconded by Alderman Higgins to adjourn the Budget Workshop. The motion was unanimously approved by roll call vote.

ROLL CALL AYES: Aldermen Higgins, Ludvigsen, Styler, Williamson
NAYS: None
ABSENT: Alderman Mendez

Motion carried.

Motion carried by voice vote at 12:10 p.m.

Approved by the Prospect Heights City Council this 25th day of March, 2013.

Stacey Adamson, City Clerk

Nicholas J. Helmer, Mayor

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