

CITY COUNCIL WORKSHOP MINUTES

CITY COUNCIL WORKSHOP: General Fund FY13 Budget

Date: December 12, 2011

Place: Municipal Center – Council Chambers

Councilmen Present: Councilman Doug Krause, Councilman Judy Brodhead, Councilman Steve Chirico, Councilman Paul Hinterlong, Councilman Robert Fieseler, Councilman Kenn Miller, Councilman Grant Wehrli, , Councilman Joseph McElroy and Mayor A. George Pradel

Mayor A. George Pradel left early at 6:45pm. Councilman Fieseler filled in as Mayor Pro Temp for the remainder of the workshop.

Staff Present: Doug Krieger, (City Manager), Karen DeAngelis (Director of Finance), Chris Smith (Assistant Finance Director), David Dial (Police Chief), Marcie Schatz (Director of TED), Margo Ely (City Attorney), Mark Puknaitis (Fire Chief), and Dick Dublinski (Director of DPW)

Finance began presentation at 5:00PM

GAP Update and FY13 Budget

The gap has moved down from \$1.9M to \$900K, since the last discussion in October. The projected gap already includes the tax levy reductions that council passed. Still have several months to close the gap.

Council requested an analysis of the recent fire union wage contract compared to the budgeted 2% increase. It was noted by Council that they need to be mindful of the true impact union contract agreements have on the budget.

Council questioned the presentation of the CDBG write off in the FY13 financial gap? Karen responded that regardless the actual accounting year, it will result in an increase to the FY13 gap either by inclusion in the FY12 fund balance or as an actual expenditure in FY13.

General Fund Overview

- Headcount shows 120 fewer positions from FY08 to FY13.
 - Increase of three positions in FY13 reflects the transfer of Utility Safety Personnel to CMO from the Utilities.
 - Police changes to two positions from FT to PT to save 1 FTE
 - TED had a small increase in FTEs for the CDBG administrator and a temporary inspector.

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- Overall a 15% reduction on headcount from FY08. It was noted that overtime expenditures are also down by \$1 million from FY08.
- Salary and benefits includes 2% placeholder for wage increases for all employee groups unless there is already a contract in place.
- FY13 reflects two years of salary increases since FY12's placeholder was not included in the department adopted budget.
- Healthcare assumption is at 20% premiums for all employee groups and per the Fire contract the Fire fighters can receive a 5% rebate if they select HSA and participate in the wellness program.
- Vacancy Factor assumptions 12 positions vacant across General Fund Departments.
- Insurances have favorable outcomes- Workers Compensation shows an improvement over time and is \$400K lower in FY13 compared to the previous year. Improvements have been made in safety with a reduction in the number of injuries.
- Vehicle Replacement Fund reflects an increase in expenditures primarily from the two additional ambulances scheduled for replacements in FY13.

Council requested a trend analysis for the major categories of spend going back to FY08.

Priority Based View

The priority based budget view is a tool used to demonstrate the alignment of government spending with the community's needs and expectation of value. Staff used our current Service Based Budgets and molded in into value areas and deliverables. The shape of the priority based pie chart can be changed over time as a result of decisions made on the services delivered and how they are funded.

Council suggested staff might be able to use the tool in the future for benchmarking against other cities.

Doug Krieger stated that he was happy to see that the priority budget seemed to follow the City's Strategic Plan well. He felt that it would be valuable moving on with this exercise.

Council expressed some interest in seeing the presentation again in future years and thought it would be interesting to monitor at least internally how items moved from year to year.

Department Summaries

Fire

Fire Chief Puknaitis presented Fire's FY13 Budget. He stated that Fire has ten service categories and discussed the Fire Departments highlights.

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Highlights

- Use of part-time employees in the Fire Marshal Office
- Reduced OT substantially; currently it's only at 30.4% of budget YTD
- Changed the Medicare reimbursement process to capture funds for ALS response
- Re-allocated resources for the new fire station 10
- Fire academy to raise revenue
- Implementing a progressive vehicle replacement plan
- Use of in house personnel to do equipment maintenance, pump testing, and hose testing that saves \$100K a year
- Operation supplies that have been deferred previously need to be replaced this year so it shows as an increase for FY13.

Fire Academy Option

- Burn facility and tower to raise revenue and recover the cost
- There are about 400 departments in the area the need training either for newly hired individuals or personnel trying to get into fire services.
- There are only 2 to 3 academies in the Northern Illinois area.

Council asked for a business plan regarding the Fire Academy idea.

Police

Chief Dial presented Police's FY13 Budget. Police Department highlights:

- \$1M less than three years ago even with the increase in pension transfer.
- Computer forensics lab created with donations from the sheriff's department, grants, and our own IT department. The lab includes about \$150K of state of the art equipment at no costs to the general fund.

Reduction of part 1 crimes is the lowest per capita in 25 years

Council asked for a report with the costs associated with motorcycles as part of the fleet. The report will be sent out and the item will be included in the February workshop material.

Council asked for an analysis of the SECA transfer line in the Department Program Budgets from FY08 to FY13. It was noted that Police had included their SECA transfer included in their Prevent Crime & Arrest Violators category.

TED

Marcie Schatz presented TED's FY13 Budget.

- Permits are up 21% and inspections are up 13% over last year.
- TED has changed the process for reviewing single family homes starting with the inspections at beginning of the process and the end.

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- Requesting a FTE increase for a temporary contractor inspector for FY13 in order to hold to the 72 hrs turnaround time for inspections.
- A portion of CDBG administrative expenses has moved into TED.

Also, including in the budget is an investment of \$50K for the Ogden Grant Program to return in FY13. It's a 50/50 grant to express the City's commitment to the corridor. Council requested a business plan be provided regarding the program.

Public Works

Dick Dublinski presented DPW's FY13 Budget:

- 40% of DPW's budget goes to salary and benefits and the remaining percentages is allocated to services.
- DPW partners with the Electric Utility to maintain the streetlights. The department has been under budgeting for streetlight repairs parts. DPW is requesting an additional \$100K to maintain the lights.
- Increase of \$75K for contract tree timing. Two years ago it was reduced. Currently, on a 15 year cycle this increase brings it to a 10 year cycle. It's ranked number 4 of resident complaints.
- \$50K increase for building improvements due to unexpected building improvements.
- \$40K increase for street sweeping for one extra arterial and residential street swept to remove the pollutants before entering the storm sewer. It ranks within the top ten of resident complaints.
- Increase \$12K for mowing and herbicide treatments.

Council requested information on a three year trend of salt costs as well as a list of the top 10 resident complaints.

Emerald Ash Borer

The proposed budget includes \$30K for Emerald Ash Borer treatments and \$10K of that is for gypsy months. Doug Krieger stated that treatment will cost about \$350K and an additional \$1M is the cost to remove the ash trees that can't be saved before the exponential death phase. A discussion will be part of the CIP to get approval to take down about 1,400 trees in year one. Staff is looking for revenue sources including grant funding to cover the expense for year one. After year one the maintenance expense will move to DPW's operating budget going forward.

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Doug stated the yearly treatments are more cost effective than removal. Some trees will be treated each year and some with a two year treatment. Council requested staff to identify CIP projects that could be reduced or deferred to cover the incremental CIP spending for EAB in FY13.

Doug Krieger asked for consensus to adjust the public works operating budget to add \$340K for treatment chemicals and consensus of the 1,400 tree removal in the CIP, with the understanding that other projects will be reduced to offset the increase CIP.

All council members agreed.

Finance

Karen DeAngelis presented Finance's FY13 budget.

- Finance has adjusted to a 20% headcount reduction by incorporating process efficiencies and automations for improvements.
 - Paystubs are now online,
 - direct deposits are at 94% participations
 - Ebills are 24% with 50% of customers paying electronically.
 - Automated phone credit card payment system reduced calls by 15%. (85,000 calls per year)
- Finance converted some full time positions to part-time saving benefit costs- 5 part-time positions.

In FY14 Council will see a drop of about \$60K in meter reading expenses. Water expenses will increase but electric will be removed since it will no longer need meter reading with smart meters.

Council requested information on how the City is marketing the online billing feature.

Legal

Margo Ely presented Legal's FY13 budget.

- Budget includes no overtime and no department directed increases.
- Legal processes workers compensations claims which settle about 40% below demand.
- Negotiate 25% of demand on litigation cases,
- 87% success on convictions.

The win/loss ratio in Legal is that out of 7 civil litigated cases 3 were dismissed and 4 had favorable judgments for the City.

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The legal budget does include \$25K of outside legal costs in FY13. The elimination of the red light cameras has eliminated the costs of the hearing officer, and those costs have already been removed from the FY13 budget.

CMO

Bob Marshall presented the CMO budget which also includes Community Relations, City Clerk, Human Resources, and IT/Reprographics.

- Three safety FTEs moved from DPU into CMO.
- Human Resources added back \$50K for tuition reimbursement.
- Citizen survey was added to Community Relations in FY13.

Safety successes:

- Total accidents down 30%, preventable collisions down 35%, injuries down 28%, and loss time down 68%. Added incentives program to reward employees for working safely.

Karen's closing comments informed council that staff will update council again on the budget at the CIP workshop.

Motion to adjourn workshop 8:06 PM.

Minutes taken by Heather Knight
Ex 5363