

CITY OF CHICAGO
PUBLIC HEARING
MINUTES

SEPTEMBER 4, 2013

PRESENT: Mayor Eric Christensen
Council Members: Earl Beattie, Kurt Russell(absent), Stacy Pascoe, Jeff Kelley
Police Chief: Rod Mohler
Public Wks Dir: Chuck Lloyd
City Clerk/Treasurer: Sandy Gaydusek
City Attorney: BJ Driscoll (absent)

Mayor Christensen opened the meeting at 7:30 p.m.

Sandy presented a narrative for the upcoming fiscal year budget 2013-2014. A copy of this narrative is attached. She provided graphs comparing trends for the past four years. This year the budget totals \$8,928,206. Sandy said all publications have been done regarding this budget hearing. She discussed the capital expenditures proposed for this year and the wages. The Mayor and Council agreed that the merit wage scale will still be in effect and each employee should receive a 1% cost of living raise effective October 1, 2013 as budgeted. There was no public testimony given. Stacy moved, Jeff seconded to adopt the budget for fiscal year 2013-2014 as presented. A roll call vote was taken: Stacy – aye, Jeff – aye, and Earl – aye. Approved three in favor, one absent.

Sandy said there is one increase proposed over 5% for the new budget year. A \$5 per registrant increase is proposed for all of the recreation fees. All required publications have been done. There was no public testimony received regarding this fee increase. Earl moved, Stacy seconded to increase all recreation program fees by \$5 per registrant. A roll call vote was taken: Stacy – aye, Earl – aye, and Jeff – aye. Approved three in favor, one absent.

Sandy presented the budget for 2013-2014 for the Urban Renewal Agency. The total amount of the budget is \$1,131,585. She reviewed the expenditures and revenues for the upcoming year. Sandy said even though the area would be expiring in November, funds would still be received through 2014. Sandy said all of the required publications have been completed. Jeff moved, Earl seconded to adopt the Urban Renewal Agency budget for 2013-2014 as presented. A roll call vote was taken: Earl – aye, Stacy – aye, and Jeff – aye. Approved three in favor, one absent.

Adjourned: 7:55 p.m.

ATTEST: Sandy Gaydusek APPROVE: Eric Christensen

FISCAL YEAR 2013-2014 BUDGET

The city's valuation rose approximately \$ 204,556 this year up to \$126,889,812 (this is an estimate only until the public utilities value is received). \$272,515 was from new construction. The council determined there will be no property tax increase this year. The levy rate last year was .006351417, and this year is proposed to be .006359777. The city's ad valorem taxes will increase by \$1731 for new construction only. The total amount of property taxes we will levy for is \$806,991. An example of property taxes is property valued at \$75,000 **after the homeowners exemption** will pay \$476.98 (An increase of \$.62 from last year). Legislature passed a bill last year that exempts businesses from paying personal property taxes on the first \$100,000 of personal property (equipment). This has lowered a portion of the city's valuation. However, the State will be sending funds to replace the revenue that will be reduced to the city each February. An amount will be set and will be the same each year. The proposed fee increases planned for this year will raise the recreation program fees by \$5 for each participant. There are no proposed fee increases for the pool. The employee's medical insurance will be increasing by 2%. The city has elected to continue to "buy down" from a \$3000 deductible, which was implemented two years ago. We have chosen to continue to waive maternity coverage that saves us approximately \$12,000 annually; however we would have to self fund maternity if the need arises. We are proposing a 1.0% cost of living raise across the board for all of the employees, and merit raises will be considered per the wage scale. This year there are fourteen out of eighteen employees that will be eligible for raises based on their performance. Persi increased their rates in July of 2013. Class 1 went from 10.39% to 11.32 %, and class 2 (police) went from 10.73% to 11.66%. The increase for payroll raises totals approximately \$51,000. I anticipate paying for the close out of the wastewater treatment plant this year. This will cost approximately \$400,000 to \$500,000. We are to be credited for the trees that we replaced near the walking path that died after Segment A was complete (\$3807) and the water line extension at the plant (\$77,000). Carry over's and contingency increased in the water, sewer, and sanitation funds.

GENERAL FUND – This fund totals \$1,701,910 which includes the carryover in the amount of \$660,610 from last year. This is down from last year by about \$23,786. This year the general fund will receive \$734,975 from the property taxes. A contingency of \$214,995 is expected to be left for capital improvements at the end of the new fiscal year which is down by about \$141,556. This is due to the change in bond value regarding our investment income. I did not budget any interest revenue in any of the funds this year since the bond values may go up and down throughout the year. This year the capital expenditures from this fund include Carpet for the Police Dept. (\$2,500), three police computers (\$3000) Spreader (\$2000) Shelter Repairs (\$1200) Digital Recorder (\$500), and new Play Ground Equipment (\$25,000). \$3000 is added to the park construction in the general fund each year making a total of \$49,000 this year, however that is where the playground equipment will be purchased from leaving \$24,000 in that line item. I moved approximately \$17,000 more of Dawn's wage back to the general fund. At this time property taxes supplement Dawn's wages by 94% and the remaining 6% is paid by recreation user fees. I was able to continue to put \$71,016 of the property taxes into the

Street Fund to help alleviate the past decrease in State funding, and to cover some of the work shifted from sewer to water and street. The pool has experienced some equipment problems this year which may put us a little more in the red. In 2010 the pool was in the red by \$26680, 2011 by 34,876, 2012 by \$25,429 and currently for 2013 we are in the red by \$7,067, and we have two more months of operation to go. I anticipate that we will be in the red by \$28,000 to \$30,000 by the end of the fiscal year. This fund receives its monies from property taxes, sales tax, pool admission, dmv fees, building permits, city licenses, etc.

STREET FUND- This fund totals \$715,755 which includes the carryover of \$428,739 which is down another \$205,184 from last year. This is due to the street improvements that were done in the 12-13 fiscal year (\$215,000) This year the street fund will receive \$71,016 from property taxes. I moved about \$5800 from Street Lights to the Street Fund in property taxes. A contingency of \$223,890 is expected to be left for capital improvements for future years. It is down this year by \$195,509. Our Gas Franchise has decreased by approximately 40% within the past five years. However, Highway Users has increased by another \$2000 as well as the Rocky Mountain Franchise. \$15,000 was appropriated for the Sidewalk Replacement Program to continue. There are no other major expenditures this year unless we decide to improve some of the streets again. We have appropriated \$49,000 for street replacement at \$20,000 per year which has been included in the contingency . This fund receives its monies from property taxes, state highway user tax, sales tax, franchise fees, etc. The city's revenue from the county road and bridge is expected to remain the same as last year.

STREET LIGHT FUND – This fund totals \$145,661 which includes the carryover of \$130,661 (down \$2787). This year the street lighting fund will be allotted \$1000 from property taxes. A contingency of \$116,661 is expected to be left for capital improvements for future years (down \$3213). This is due to the shift of property taxes from Street Light to Street Fund. This fund receives its monies from property tax and sales tax..

WATER FUND – This fund totals \$883,165 which includes the carryover of \$558,165 (down \$31,683). A contingency of \$512,560 is expected to be left for capital improvements for future years and unexpected expenses which is an increase from last year (approx. \$175,712 includes emergency projections). This is because we have been setting funds aside to replace the water tanks in the future. This year we have \$100,000 set aside for that purpose and I add \$25,000 per year to this line item. This year there will be no contingency used for the new well. The remaining portion of the well that is unpaid will be paid from the Water Reserve Fund and the State Revenue Sharing Fund. Last budget year the portion allotted from the Water Fund was spent. Hopefully, the well will be completed during the next budget year. There will be no rate increase this year in the water fund. We may want to look at budgeting for a generator for the new well when it has been drilled. The contingency that is built up should handle that next year. \$10,000 is budgeted each year to replace the fire hydrants. W have budgeted \$690 for a cut saw and \$1000 for a water level meter this year. The only source of revenue to support this fund is from water users.

SEWER FUND – This fund totals \$3,225,130 which includes the carryover of \$2,425,130 (up \$528,211 due to \$500,000 anticipated being paid last year as a final pay out on the treatment plant and it was not). A contingency of \$1,861,090 (up \$114,763) is expected to be left for capital improvements and updates, and unexpected costs of the wwtp. \$400,000 to \$500,000 will be spent before the end of the 13-14 budget year to complete the construction of the wwtp and interceptor lines which were not funded by private users or grants as once thought. The next phase of the treatment plant will be to add another train which is estimated at 12 million dollars. This will be necessary when the capacity runs low. Hopefully by this point we should have enough built up in our contingency to fund our portion of this project. There are no rate increases planned for this fund at this time. As our ERU's continue to increase, the portion of the rates being collected for the bond payment could be used to fund future capital improvement projects. For instance, since the city started charging the base rate for unoccupied residences, our ERU's changed by 114. \$32,500 additional funds should be collected during the year which could be used to pay the bonds faster, or to use for future capital improvements. I am still watching the portion of the rate that is used for the city's collection system. As expenses rise we may need to analysis the way the different funds are broken down for expense purposes. We could also change the way the labor and other expenses have been pro-rated. We have proposed to purchase a cut saw this year and \$210 would be taken from the sewer fund. There is also \$5000 set aside to replace manholes. The only source of revenue to support this fund is from sewer users.

SANITATION FUND – This fund totals \$542,860 which includes the carryover of \$252,860 (up \$32,444). A contingency of \$162,525 is expected to be left at the end of the year (up by \$27,504). \$25,000 per year (We now have \$100,000) will be budgeted for the next new truck in five years, and a lease payment of \$28,000 is due annually for the next three years for the new truck we purchased. Tipping fees have not increased this year, nor has the hauling fee yet. We have been using Eagle Rock Sanitation for hauling to Bonneville County Landfill. We found that by paying more for tipping at Bonneville County we could save on hauling costs. Jefferson County raised their tipping fee last year, so by making the change we saved approximately \$1 per ton. The only source of revenue to support this fund is from the sanitation users.

WATER & SEWER RESERVE FUNDS – These funds total \$569,309 which includes a carryover of \$553,409 (down \$94,532). A contingency of \$464,809 is expected at the end of the fiscal year. These funds are used for any future capital outlay in the water and sewer departments. This year \$94,000 is proposed to be spent on a portion of a new well, with \$100,000 spent during the last three months of the current budget year. I raised the budgeted amount by \$25,000 since the bids came in slightly higher than the budgeted amount last year when the project was supposed to be done. The revenue in these funds is received from the water and sewer tap fees the city gets when a new home is tapped into our water and sewer systems. Since there has been a reduction in growth, these funds have not accumulated contingency as usual, and we now have to pay EIRWWA \$3500 for every sewer connection, leaving \$500 for the city.

RECREATION FUND – This fund totals \$37,868 which includes a carry over of \$4,068. A contingency of \$660 is expected at the end of the year. I have changed Dawn's wage again to appropriate a portion to the recreation fund as well as the general fund. Now 6% of Dawn's wages are being expended out of this fund. 94% of Dawn's wage is supplemented by property taxes. This fund includes all of Dawn's recreation programs; girl's baseball, volleyball, jazz basketball, flag football and boy's baseball. The revenue is brought in by the fees charged to the participants of each program and is used to purchase new equipment and normal operation. There is a \$5 fee increase proposed this year.

STATE REVENUE SHARING – This fund totals \$1,106,548 which includes a carryover of \$981,548 (up \$71,805). A contingency is expected to be left over at the end of this fiscal year \$908,448 (up \$46,205). A portion of the contingency this year is being used for to drill a new well (\$125,000), police vehicle (\$32,000), contribution to Sr. Citizens (\$2000) and PUT (\$800), Pool Lift (\$5,000) one Computers (\$1,600) Jet Pump Truck (\$22,000), Picnic Tables (\$2000), Projector (\$700), Copier (\$7000). We are using approximately \$73,100 (58.5%) of the projected income this year, not including the well. The remaining will go into contingency. State revenue has started to improve with a \$2000 increase projected. This fund is only used for updates and capital improvements, not normal operations. It has been past policy to use one half to three quarters of the revenue expected to be received during the year and allow the remaining portion to build up the contingency for major improvements to the street, water, sewer, etc, however that is not the case this year due to paying for a portion of the well.

The total budget this year is \$8,928,206 which is up approximately \$568,685 due to the anticipated expense for the treatment plant close out, increase to contingencies for certain projects such as new water tanks and the increase to the well project. The General Fund, Recreation Fund, and the Street Fund contingencies have decreased this year. However, the street fund used some of its contingency to complete some street improvements. I will continue to monitor the Recreation Fund closely to determine if more of Dawn's wage can be moved back to that fund. It is important to have some contingency in each fund to be saved and added to for major improvements such as the street replacement program (\$49,000), recreation path (\$39,000), park construction (\$175,000), water line or well construction, and the most important; by having a healthy contingency it allows the city to operate on a cash basis during the last three months of the year (Oct-Dec). During these last three months there is not a large projection of revenue coming in. In January is when the majority of the property tax money is received and is invested and used throughout the year. If the city did not have a healthy contingency then it may be necessary to take out a loan to fund the last quarter of the year which then would have to be repaid with interest. During this budget year contingencies will be reviewed and the city will need to watch unbudgeted expenditures to keep our contingencies healthy.