

BUDGET MEETING I

2/11/2013

2013-2014 Budget Outlook

- Revenue Outlook
- Pensions Issues
- Capital Projects
- Union Contract Status
- Other Budget Expenses
- It's not all bad this year
 - Credit good prior budgeting
 - More credit to revenue growth from income tax, sales tax and fire protection district

2013-2014 Revenues

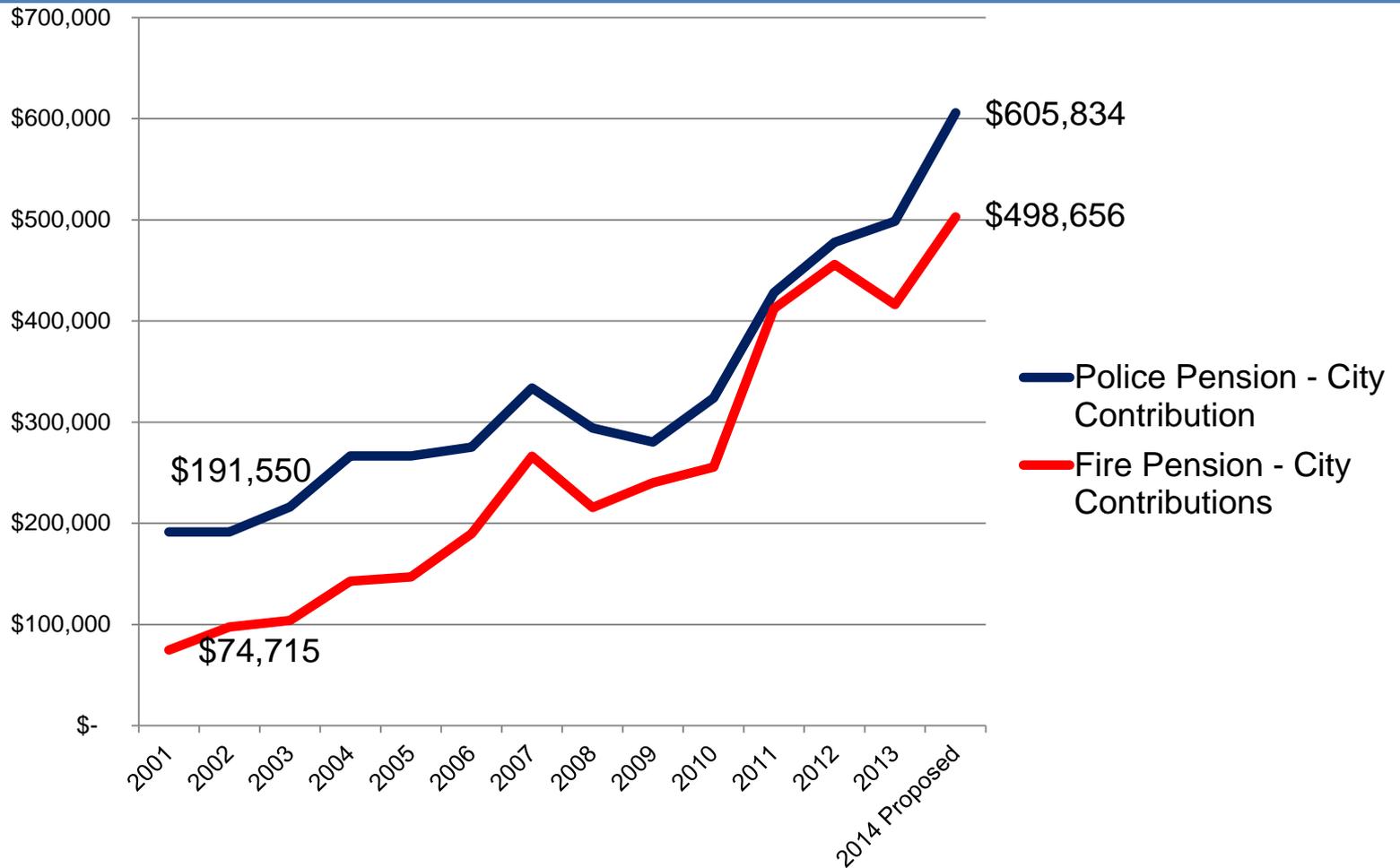
- ▣ Assessed Value of City declined 1% -
 - Less property tax to General Fund, Library etc.
 - Police and Fire Pension property tax contributions each rose 23%
- ▣ Video Gaming Tax underwhelming so far
 - More than half of all locations in the State generated under \$1000 in tax in December.
 - Sterling received \$1,029 in video gaming tax for December
- ▣ Sales tax grew more than anticipated
 - FY 12-13 growing 3.4% vs projected 1.25%
 - FY 13-14 draft budget = 1.5%
- ▣ Income Tax revenue
 - FY 12-13 growing 3.4% vs projected 1.25%
 - FY 13-14 draft budget = 1.5%
- ▣ Fines lower
 - Police citations down
 - Fewer snowfalls
 - Code officer hiring gap
 - Will present an update on the Administrative Hearing process at next study session (February 25th)

2013-2014 Pension Issues

- Cities fund pension funds by property tax
- Contributions to pension funds determined actuarial calculation
 - ▣ Liabilities - Assets = Property tax contribution
 - ▣ As investments lose value or grow slower than assumed rate of return, more taxes are required to increase assets
 - ▣ State laws that increase pension benefits increase local liabilities which requires more property tax
 - Disability benefits PSEBA/PEDA
 - Defining disability
- Contributions rising faster than revenue growth even as funding ratios decline
- Squeezing funding for other items and forcing property taxes upward

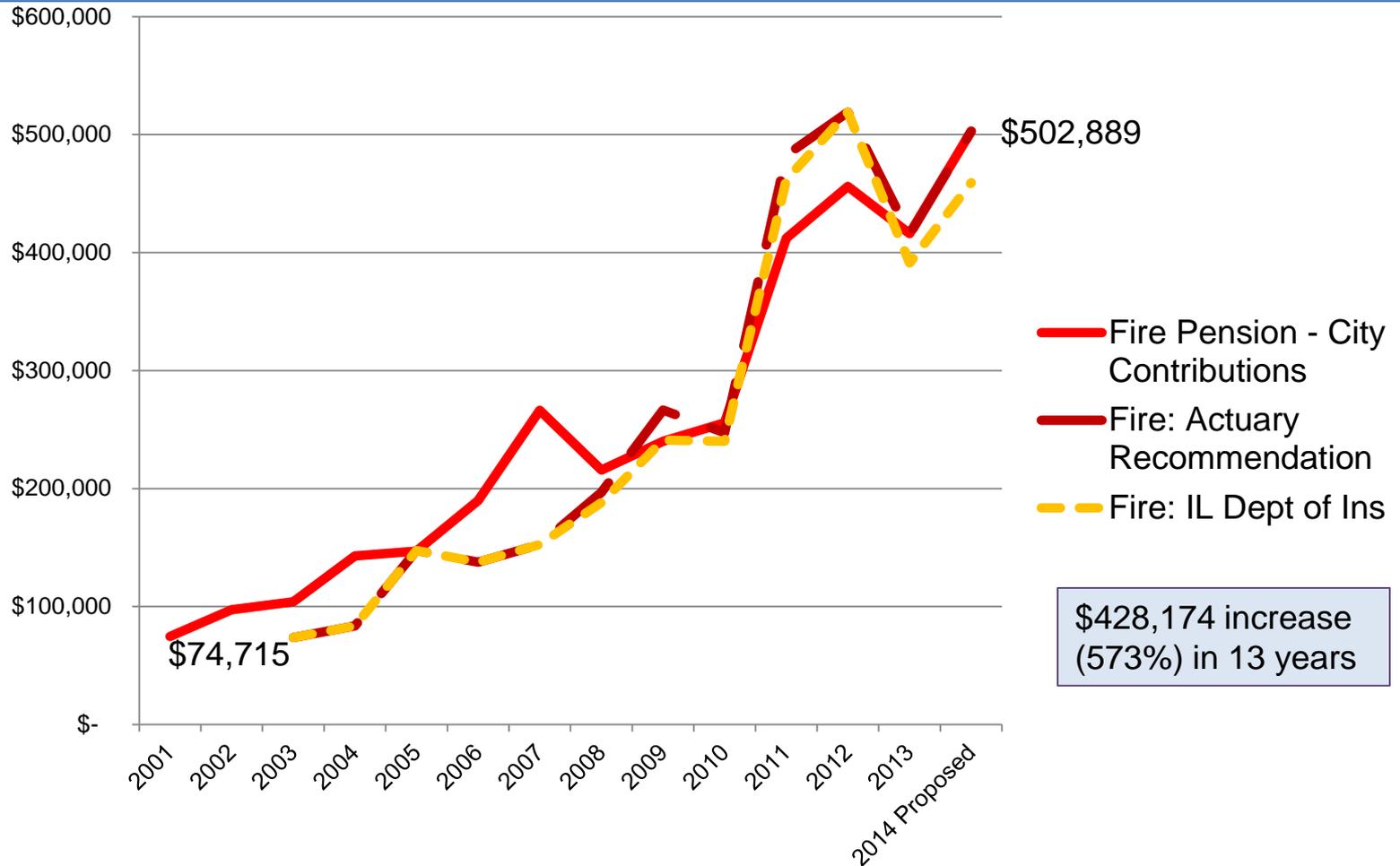
Pension Costs to City

(property + replacement tax)



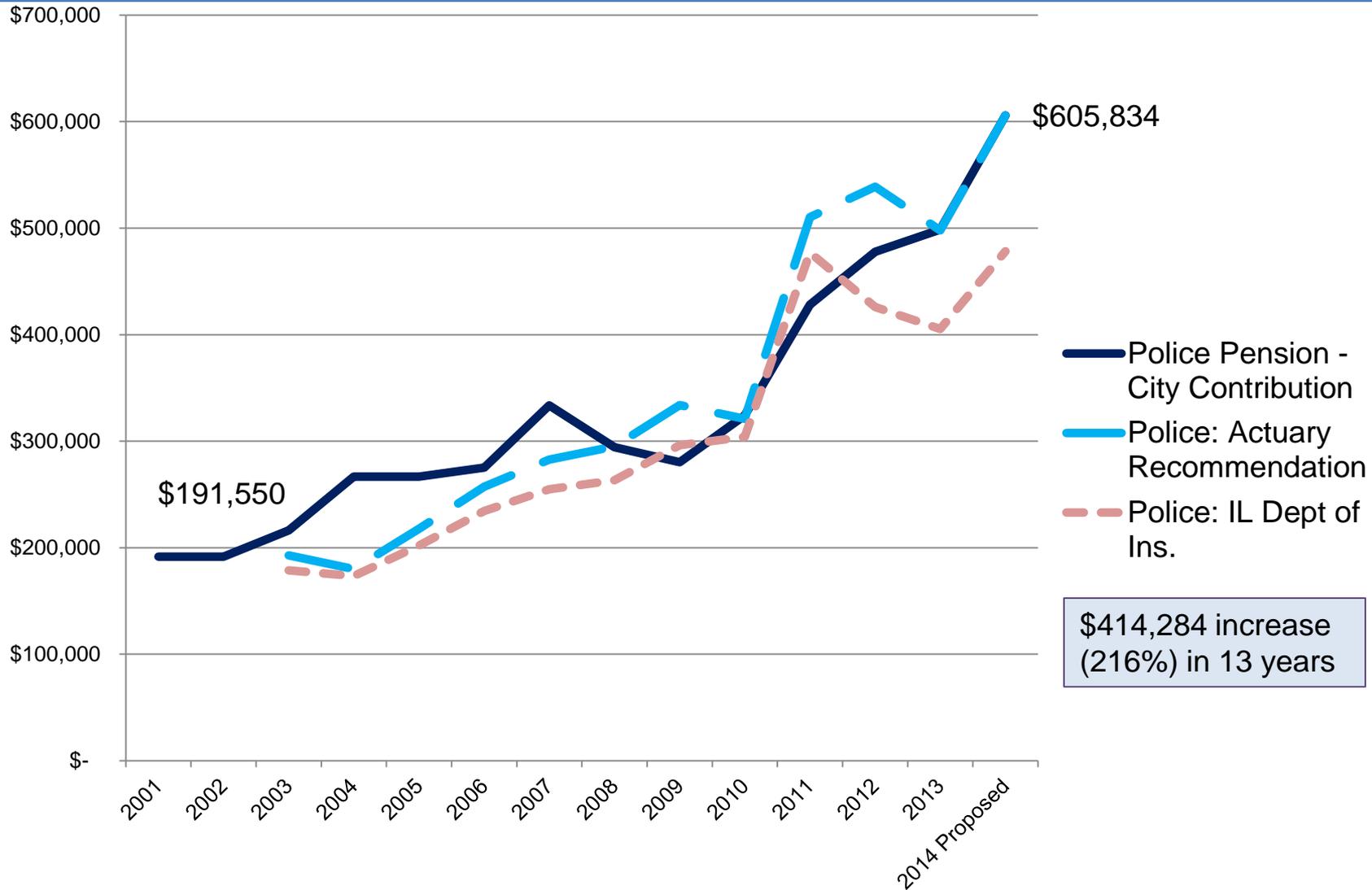
Pension Costs to City

Fire: Actual v. Actuary v. IL Dept of Insurance



Pension Costs to City

Police: Actual v. Actuary v. IL Dept of Insurance



2013-2014 GF Capital Projects

- ▣ Dilapidated housing demolitions
- ▣ Light Street improvements/13 E. 4th Street demolition
- ▣ Fire Station Generator Replacement
- ▣ Public Works Building (Sprinkler, Boiler, Utility runs)
- ▣ Sidewalks Curb & Gutter
- ▣ Replacement Slipform Paver (for curb construction)
- ▣ Public Works Pickup and Plow (replace 1992 truck)
- ▣ Thomas Park Stormwater Retention Dredging
- ▣ Streetscape (mostly grant funded)
- ▣ Street Reconstruction (local option sales tax funded)
- ▣ Parking Lot Dumpster Enclosure Request
- ▣ Police In-Car Video Recording System
- ▣ Bike Path Construction

902 4th Avenue



1604 Griswold



02/11/2013 09:55

1820 6th Ave



1102 Dillon



13 E. 4th Street



Thomas Park Retention Pond



Thomas Park Retention Dredging

- Pond was constructed in the 1970's. Has not been dredged since.
- The pond has silted in approximately 4 feet!
- Summer 2012 depths were under 2'
- Lack of depth causes 2 issues
 - Less storage in heavy rain events
 - Less water means more heat and less oxygen for fish. Over 100 fish died in June 2012 due to the drought induced water drop

2013-2014 Union Contracts

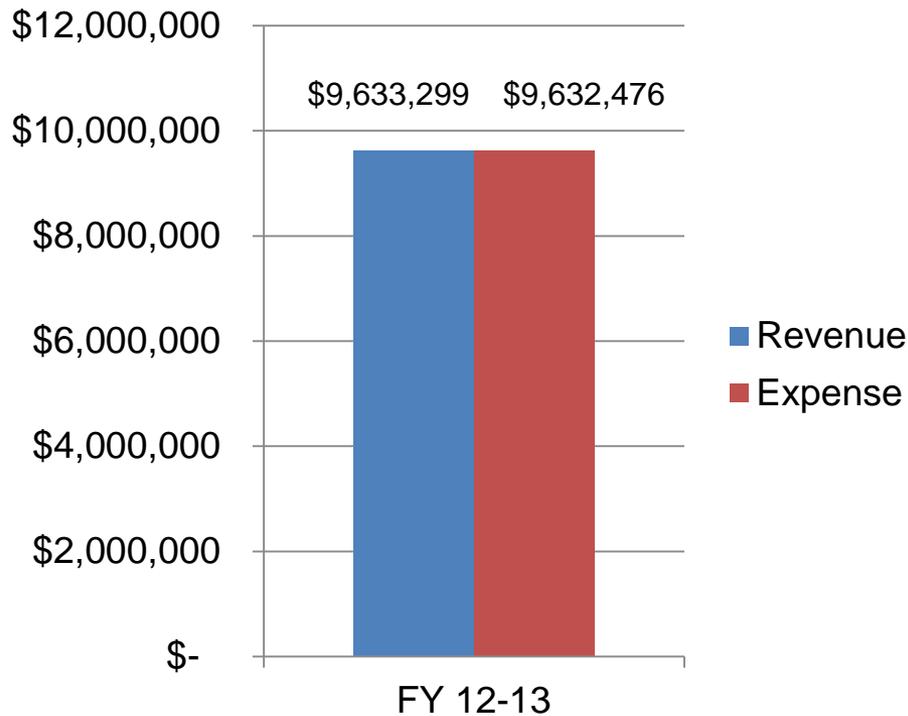
- Fire union contract
 - FY 13-14 is final year of 3 year contract
 - Final year of contract requires 2.5% wage increase
- Police union contract
 - 3 year contract expires April 30, 2013
 - Negotiations to begin shortly
- What do we plan for non-union workforce in FY 13-14?
- Personnel costs make up majority of the General Fund
 - Wages effect social security contributions
 - Wages effect pension contributions
 - Wages effect Workers' Compensation Insurance (work comp insurance is a percentage of salary, ex. 20.03% of firefighter salary is needed for work comp insurance)

2013-2014 Budget Outlook

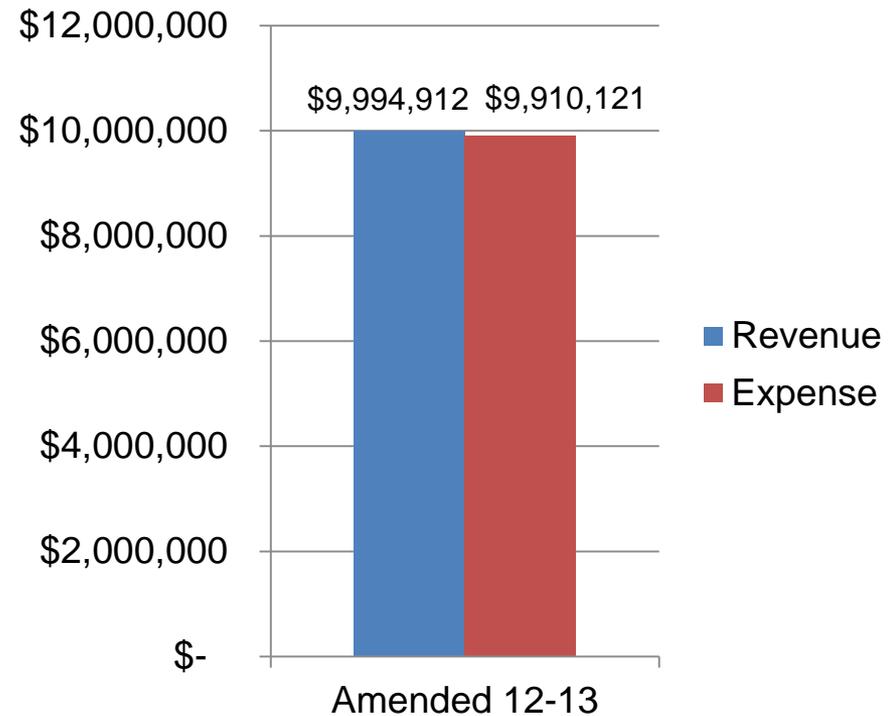
- Health Insurance
 - Self-insured program
 - Budgeting for 7% increase
- Liability and General Insurance 5% budgeted increase
- Emerald Ash Borer - Removal and replacement of public ash trees (\$24,000)
- Trees – New 50/50 program under consideration
- Police Equipment Request
 - New in-car video system
 - 2 new tasers
 - New riot helmets
 - New rifles
 - New restraint chair
 - Investigative cars (2) \$25,000 increase
- Street Signs (\$8,000 increase)

Amended Budget (FY 12-13)

Original Budget Request



Projected Amended Budget



Amended Budget

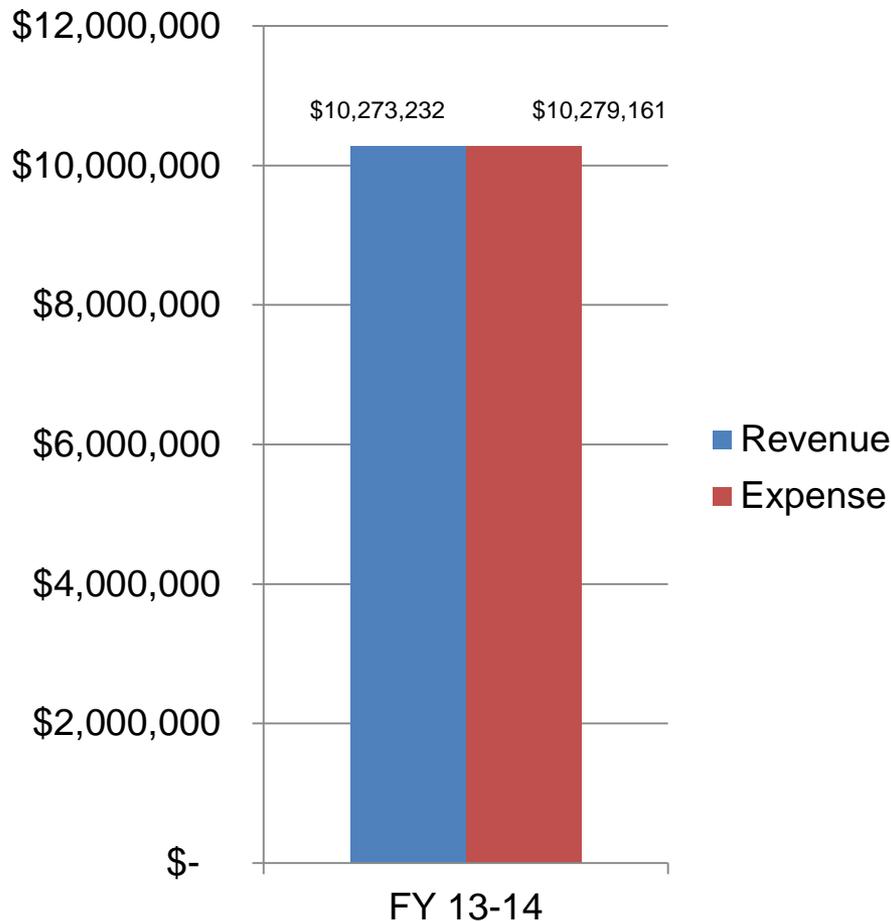
- Revenues
 - ▣ \$360,000 over budget
 - ▣ Investment interest above budget
 - ▣ Fines lower than prior years
 - ▣ State Income Tax grew significantly over budget
 - ▣ Sales tax growth exceeded expectations
 - ▣ Fire Protection Revenue increased unexpectedly

Amended Budget

- Expenses higher by \$277,645
 - ▣ Most of that is due to a late interfund operating transfer in the Non-Departmental Budget
 - FY 12-13 Budget was extremely tight
 - The Amended FY 11-12 budget had revenues in excess of expenses, so we planned to advance a \$225,000 transfer to the Coliseum Fund for equipment and bond payments, but the transfer did not occur before the end of the fiscal year, so it was spread over the FY 12-13 budget.
 - No new or unplanned transfer occurred
 - ▣ \$50,000 in added expenses
 - Fire Department Equipment
 - Sewage lift pump
 - Radio Narrowbanding
 - Concrete work
 - Fire Overtime increased \$120,000 over last year
 - Tree Replacements and watering due to drought

Budget Request FY 13-14

(1st Working Draft)



- Does not include possible increase in cost for 13 E. 4th Street (dependent on Light Street project tie-in)
- Thomas Park dredging funding
- Fund balance requirement
- Unexpected renovation costs
- Police Contract
- Finalizing non-union cost of living adjustments

Prioritizing City Projects & Goals

- Strategic Planning with new Council
 - Develop competitive edge, don't just tread water or shotgun an approach
 - Community Input
 - Key person interviews
 - Open workshops
 - Surveys
 - Staff Input
 - Develop Assets Inventory
 - Natural
 - Community
 - Infrastructure
 - Intangible
 - Goals (examples)
 - Job-ready
 - Population growth/stabilization
 - Make Sterling the premier choice for downstate small city living
 - Create a destination environment for the downtown/riverfront
 - Promote preservation and utilization of our parks and natural areas
- Budget Planning

Prioritizing City Projects & Goals

- Strategic Planning with new Council
 - Action Items
 - Bike Paths/Sidewalks
 - Trees (Ash, Street Trees, etc)
 - Riverfront
 - Lawrence Park
 - Quiet Zones
 - One-Ways
 - Community Gateways
 - Annexations
 - Wastewater Plant, Extensions, Inflow & Infiltration
 - Stormwater Management
 - Housing (Rentals, Dilapidated, Demos, new)
 - Historic Preservation
 - Community Events
 - Internal Improvements
- Budget Planning with current Council
 - Discussion of what is important in FY 13-14
 - How would Council like the discussion facilitated?



Council Comments