

OVERVIEW



Proposed Budget 2017 Presentation October 10, 2016

AGENDA

- **City Mission, Values, Objectives**
- **Organizational Chart and Personnel**
- **Long Range Plan**
- **Budget Guidelines**
- **Budget Process**
- **Highlights**
- **Revenue**
- **Expenditures**
- **Fund Balance**
- **Next Steps**



OVERVIEW

MISSION, VALUES, OBJECTIVES

MISSION, VALUES, OBJECTIVES

MISSION

The mission of the City of Highland Park municipal government is to provide fiscally responsible, high quality services through effective, transparent and collaborative governance

- **Fiscal Stability**
- **Public Safety**
- **Infrastructure Investment**
- **Community Vibrancy**

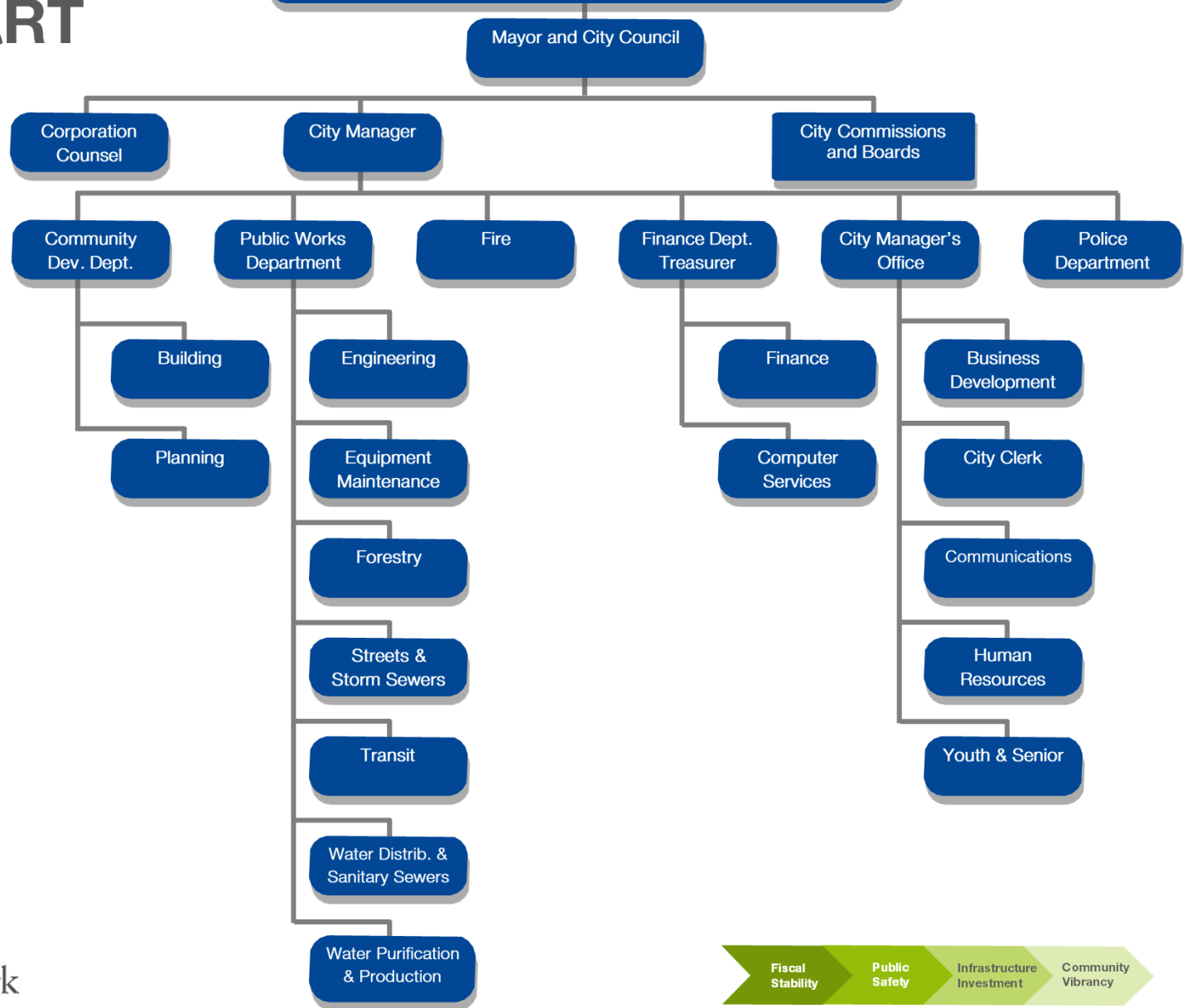


OVERVIEW

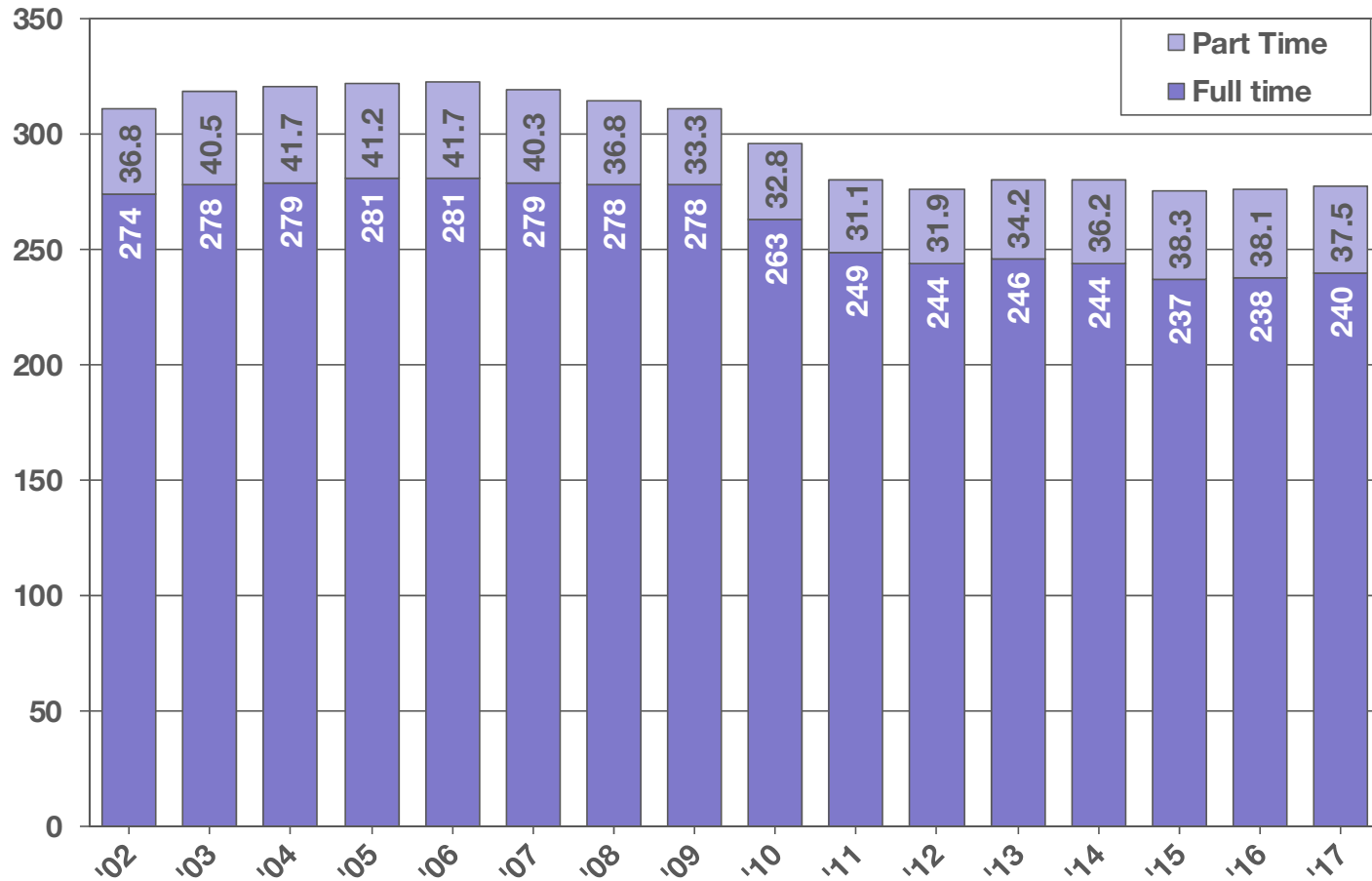
ORGANIZATIONAL CHART & PERSONNEL

ORGANIZATIONAL CHART

THE CITIZENS OF HIGHLAND PARK



PERSONNEL

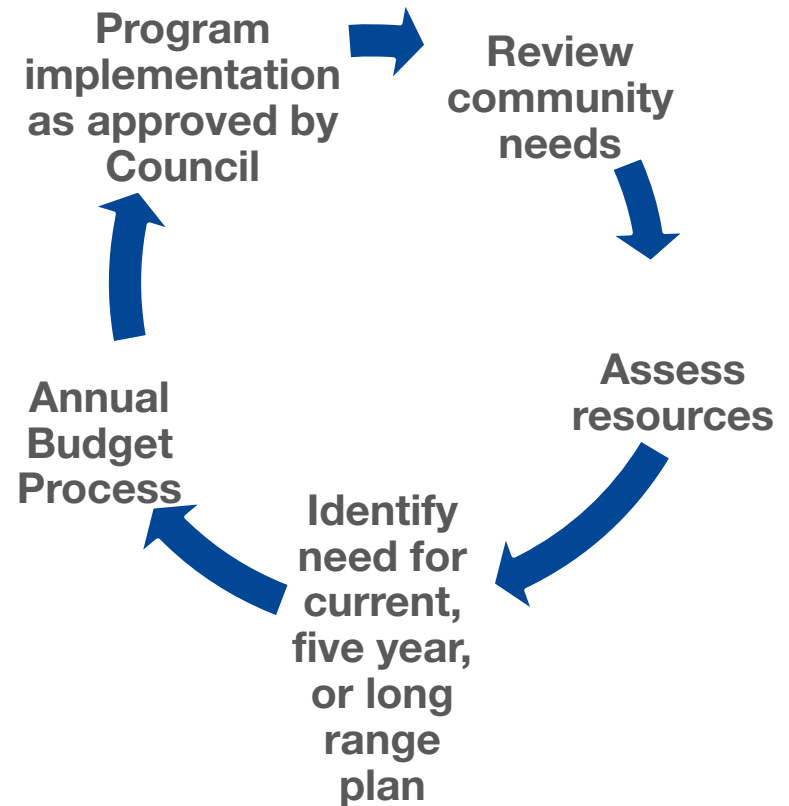




OVERVIEW
LONG RANGE PLAN

LONG RANGE PLAN

- **LRP for each Department:**
 - City Manager’s Office
 - Community Development
 - Finance Department
 - Fire Department
 - Police Department
 - Public Works
- **Operations, infrastructure, personnel**
- **Five-to-ten years from the current fiscal year**
- **Meet obligations and reinforce priorities**





OVERVIEW

BUDGET GUIDELINES & PROCESS

BUDGET GUIDELINES

- **Organization Objectives**
- **Structural Balance**
- **Minimum Fund Balances**
- **Revenue Diversification**
- **Performance Measures**
- **Line Item Requests**
- **Long-Term**
- **Program Documentation**
- **Cash Basis**

BUDGET PROCESS

Description	Date	A	M	J	J	A	S	O	N
Neighborhood Meetings to Define Budget Priorities	Apr-June, Sept.								
Vision, Mission, Long-term Goals, Policies, Schedule	Apr. 15								
2016 Mid-Year Financial Summary, Library Budget	July 25								
Revenue Estimates, Fee Changes, Tax Levy, Pensions, OPEB, Proposed 5-Year Capital, Funding, Debt, Facilities	Aug. 22								
Proposed Budget Overview	Oct. 10								
Proposed Budget Departments and Commissions	Oct. 10-24								
2016 Tax Levy Estimate	Nov. 14								
2017 Budget Public Hearing	Nov. 14								
Proposed Approval of: <ul style="list-style-type: none"> ○ 2017 Annual Budget, as Amended ○ Annual Fee Resolution ○ Capital Improvement Program ○ Current Year Budget Amendment Ordinance 	Nov. 28								
Adoption of 2016 Property Tax Levy	Nov. 28								



OVERVIEW
BUDGET HIGHLIGHTS

BUDGET HIGHLIGHTS

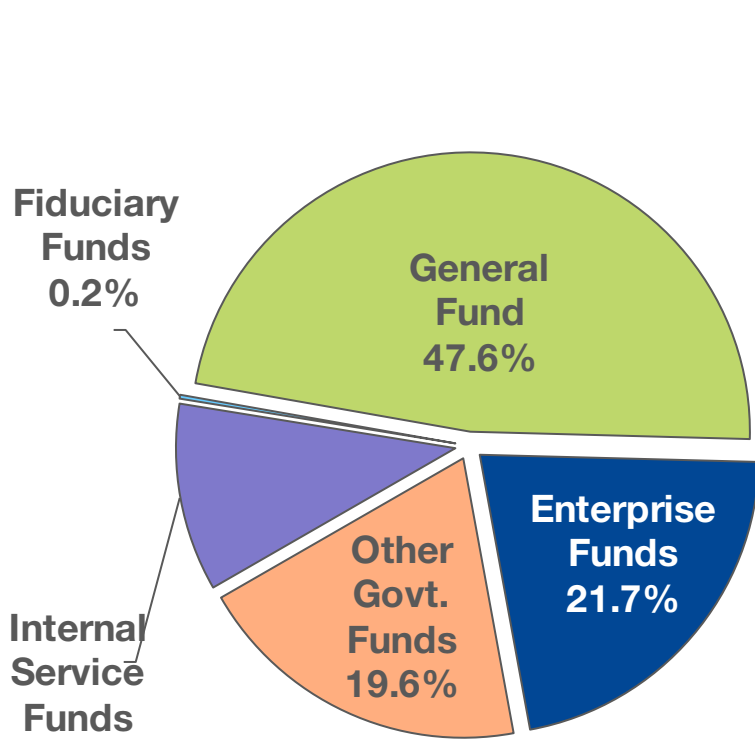
- **Balanced Operating Budget**
 - Operating: revenues less expenditures \$14.7 million
 - Total: revenues less expenditures -\$1.5 million, given strategic drawdown of fund balances
- Revenues **\$82.9 million** +1% vs. prior year
- Expenditures **\$84.4 million** -4% vs. prior year
- Capital improvements of \$14.4 million for infrastructure, facilities, and equipment
- Fund drawdowns totaling \$3.6 million for capital investment in Street Construction, Sewer, Parking, Motor Fuel Tax and Equipment Funds, pursuant to City-approved policy



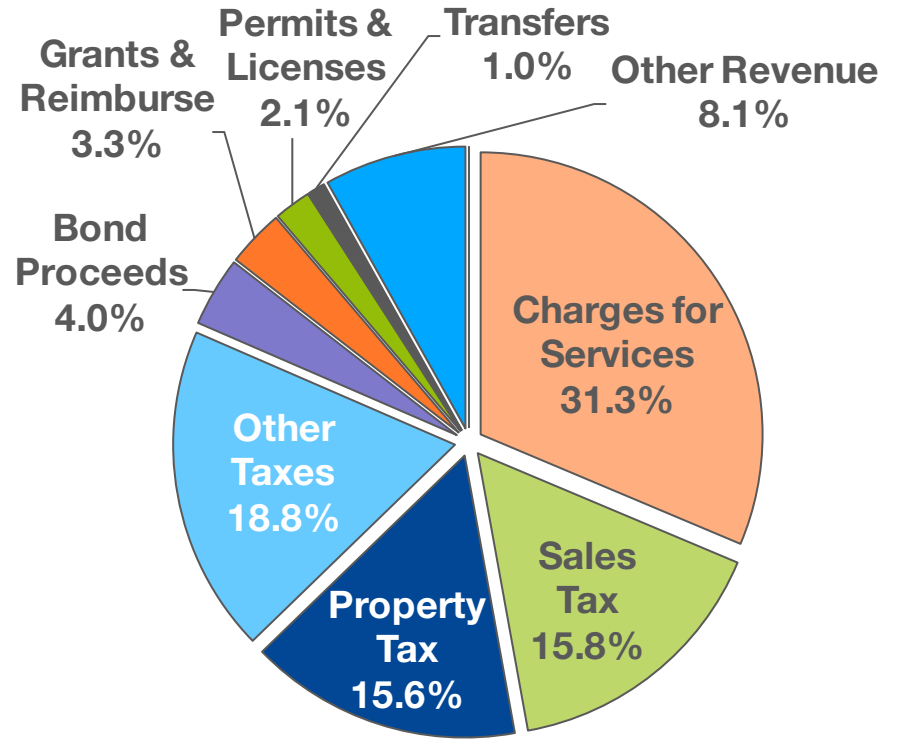
OVERVIEW REVENUE

2017 REVENUE

Total Proposed Revenue \$82.9 million



Revenue by Fund



Revenue by Source

2017 REVENUE ASSUMPTIONS

- **Economy sensitive revenues flat to increase**
- **Increase in revenue from Highwood for Fire/EMS svcs**
- **Revenue from sale of HP Theater/other assets**
- **Less debt needed to fund capital**
- **Review of City fees to ensure they are fair and comparable with other communities**

PENSION FUNDING

- **Consistent with State Statute and pursuant to City policy, public safety pensions are funded to 90% by year 2040, as determined by a third party actuary**
- **State mandated contributions are made annually with higher contributions provided as funds are available**
- **The City funds the pension contributions from a combination of property tax levy and other sources such as partial state income tax receipts, partial proceeds from the sale of assets when available, and other revenue sources as identified, with a goal of minimizing the impact to the tax payer**

PENSION AND OPEB FUNDING

Contribution	Municipal Retirement	Police Pension	Firefighters' Pension	OPEB
<i>2015:</i>				
Required	1,137,700	2,284,900	2,201,700	541,100
Actual	1,137,700	2,809,100	2,472,100	565,200
<i>2016:</i>				
Required	1,225,500	2,762,300	2,429,300	541,100
Budget	1,225,500	2,787,900	2,451,800	541,100
Estimate	1,225,500	3,563,600	3,401,600	565,200
<i>2017:</i>				
Required	1,033,400	2,770,900	2,619,700	955,459

Pensions

- 2017 total required contribution of \$6.4 million is \$41,200 lower than 2016 budget with IMRF \$192,100 lower and public safety pensions \$150,900 higher
- The \$6.4 million is \$1.8 million lower than the 2016 estimated contribution of \$8.2 million, due to the City's decision to accelerate contribution to the public safety pension, using 50% of LGDF, to minimize long-term pension cost to the tax payer

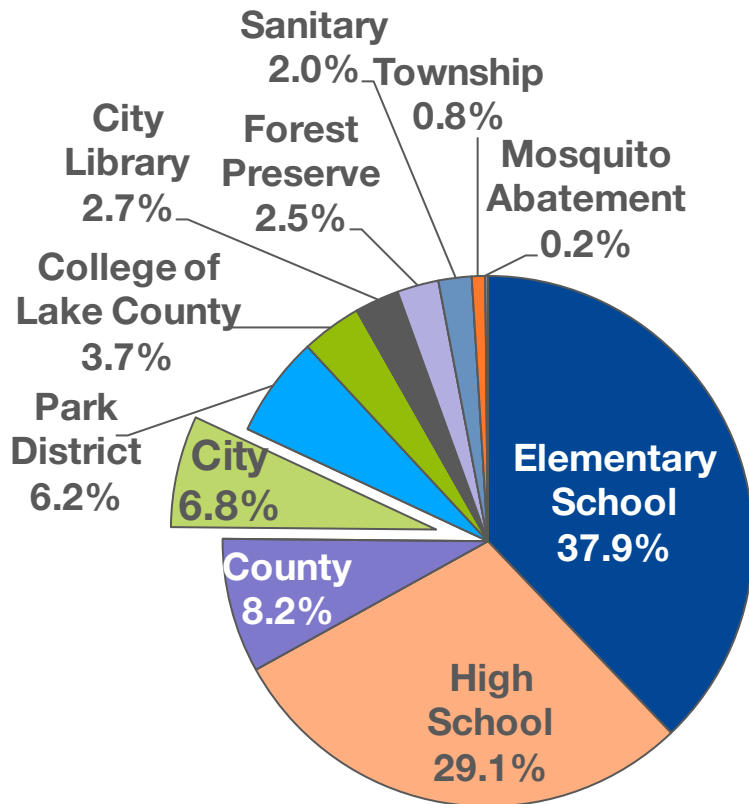
OPEB

- Changes in mortality, retirement, termination, and disability tables to reflect current trends in IMRF, police, and fire populations, and an increase in retiree census from 48 to 50, with retirees making up most of the liability

PUBLIC SAFETY PENSION FUNDING

% City Tax Levy Increase	2016	2017 Budget Funding Scenarios				
	Estimate	0%	3%	5%	7%	10%
Tax Levy	5,239,700	5,239,700	5,589,145	5,822,109	6,055,073	6,404,518
State Income Tax (LDGF)	1,725,500	1,725,500	1,725,500	1,725,500	1,725,500	1,725,500
Total Contribution	6,965,200	6,965,200	7,314,645	7,547,609	7,780,573	8,130,018
Statutory Contribution	5,191,600	5,390,616	5,390,616	5,390,616	5,390,616	5,390,616
Additional Contribution	1,773,600	1,574,584	1,924,029	2,156,993	2,389,957	2,739,402
Tax Levy Increase		0	349,445	582,409	815,373	1,164,818
Avg. \$500k HH \$ Impact		0	85	141	198	282

PROPERTY TAX CONSIDERATION



Distribution of 2014 Property Taxes

	2016 Tax Levy	2017 Fiscal Year	Incr/ (Decr)
Police Pension	3,162,800	18%	13%
Fire Pension	2,892,300	17%	18%
FICA/Medicare/Genl.	763,200	4%	-3%
Roads (Capital)	1,501,800	9%	1%
IMRF	1,208,700	7%	0%
Debt	2,934,800	17%	0%
City Levy	12,463,600	72%	7%
Library Levy	4,846,900	28%	4%
City & Library Levy	17,310,400	100%	6%

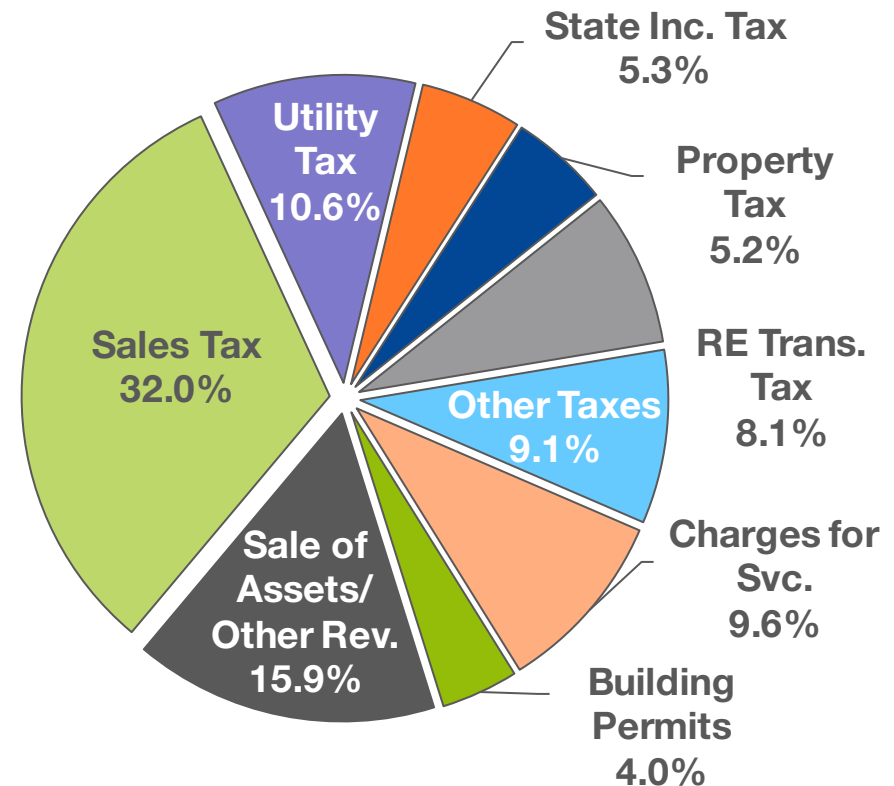
2016 Tax Levy Increase for Public Safety Pensions and Library Operating Costs results in \$248/HH, based on avg. \$500k EAV HH

PROPOSED FEE CHANGES

- **Water rate increase -- 5%**
 - Ensure financial sustainability of Water Fund
 - Pricing model established by contract with outside customers
 - Resulting fees lower than area municipal fees; City fees in the bottom quartile comparatively
- **Vehicle sticker fee increases**
 - Ensure financial sustainability of Multi-modal Transp. Fund
 - Passenger/Senior \$55, Antique \$40, Motorcycle \$35, Military \$5
 - Resulting fees are comparable to area municipal fees
- **Liquor license fee increases -- 3%**
 - Classes S-1, S-2, and R-2
 - Resulting fees close to median/mean of area municipal fees

GENERAL FUND REVENUE

	Total 2017 Budget
Sales Tax	12,652,200
Utility Tax	4,195,000
State Income Tax	3,192,500
Property Tax	2,101,900
RE Transfer Tax	2,062,700
Other Taxes	3,597,300
Charges for Svcs.	3,808,100
Permits & Licenses	1,597,000
Sale of Assets/Other	6,298,800
Total Revenue	39,505,500



OTHER GOVERNMENT REVENUE

	Total 2017 Budget	Incr/(Decr) '17 Budget vs. '16 Est.
Multi-Modal Transp.	4,406,300	109,900
Motor Fuel Tax	750,900	-
Enhanced 911	249,200	1,400
Public Safety Pension	6,055,100	815,400
Environ. Sustainability	145,000	25,000
Debt Service	3,015,400	800
HP Theatre	8,300	(9,700)
Streets/Other Capital	3,151,000	(3,428,400)
Tax Increm. Financing	216,600	-
Total Other Govt Funds	17,997,700	(2,485,600)

Notable Budget Variance:

- Streets/Other Capital**

The variance is a decrease in Bond Proceeds due to a smaller bond issuance, given sufficient fund balance and revenues to fund 2017 capital improvements

ENTERPRISE REVENUE

	Total 2017 Budget	Incr/(Decr) '17 Budget vs. '16 Est.
Water Fund	10,751,300	(1,166,200)
Sewer Fund	4,712,800	(857,800)
Parking Fund	770,600	1,500
Total Enterprise Funds	16,234,800	(2,022,500)

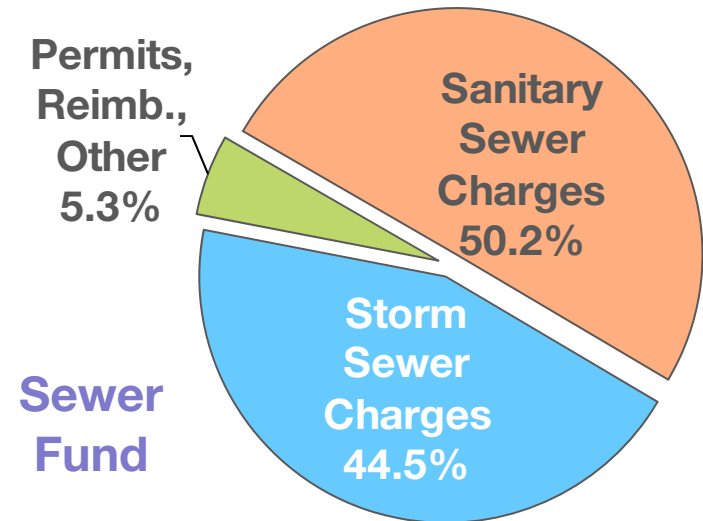
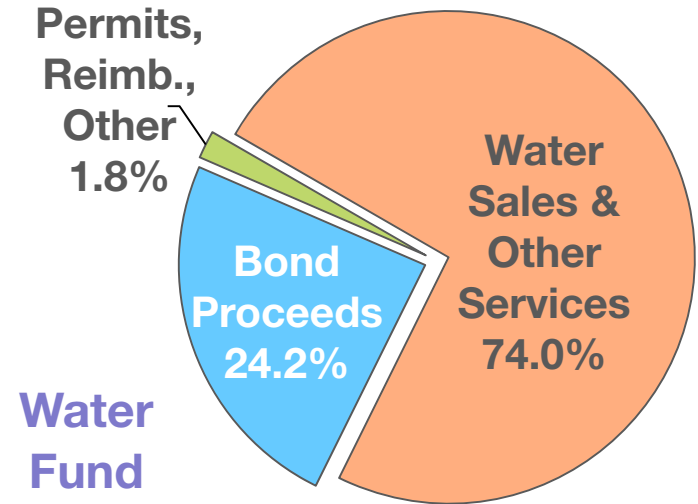
Notable Budget Variances:

Water Fund

- No IEPA Loan Revenue due to completion of AMR project in 2016

Sewer Fund

- No GO Bond Revenue, given sufficient user charges and fund balance for capital



INTERNAL SERVICE REVENUE

	Total 2017 Budget	Incr/(Decr) '17 Budget vs. '16 Est.
Equipment Charges	2,362,300	(7,900)
Information Technology Charges	1,250,600	195,200
Reimbursements	55,000	(9,200)
Interest Earnings	16,500	-
Eq. Maint./Repacemt. Revenue	3,684,400	178,100
Fund Transfers - Internal Charges	4,182,000	278,000
Reimbursements	1,143,400	16,900
Insurance Fund Revenue	5,325,400	294,900

Notable Variances:

Eq./Maint./Replace.

- Increase in dept. reimbursement, given 3-year phase-in of updated IT reimbursement model

Insurance

- Increase in insurance costs

HOUSING TRUST REVENUE

	Total 2017 Budget	Incr/(Decr) '17 Budget vs. '16 Est.
Payment In-Lieu of Affordable Units	-	(300,000)
Demolition Tax	150,000	24,200
Demolition Permit	30,000	8,500
Reimbursements and Other Revenue	4,300	-
Total Revenue	184,300	(267,300)

Notable Budget Variance:

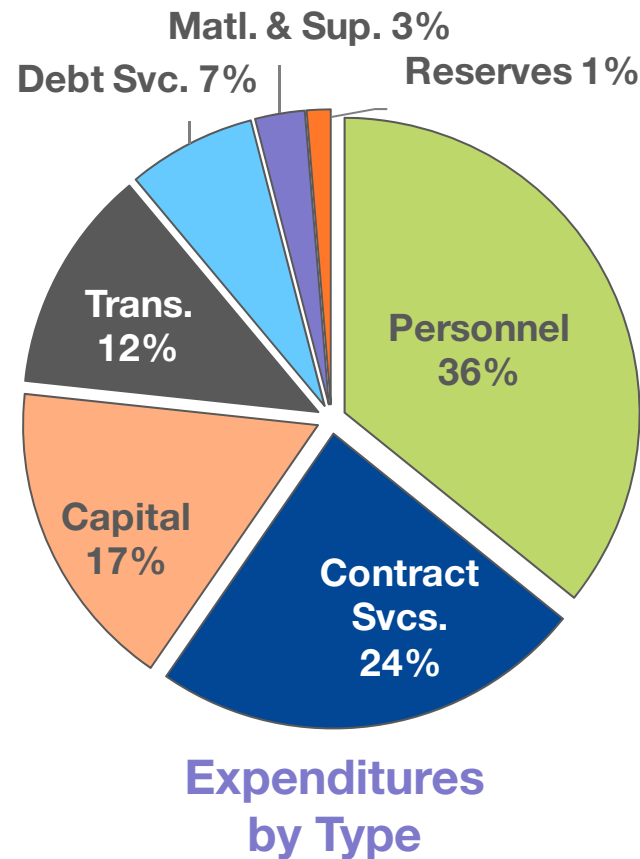
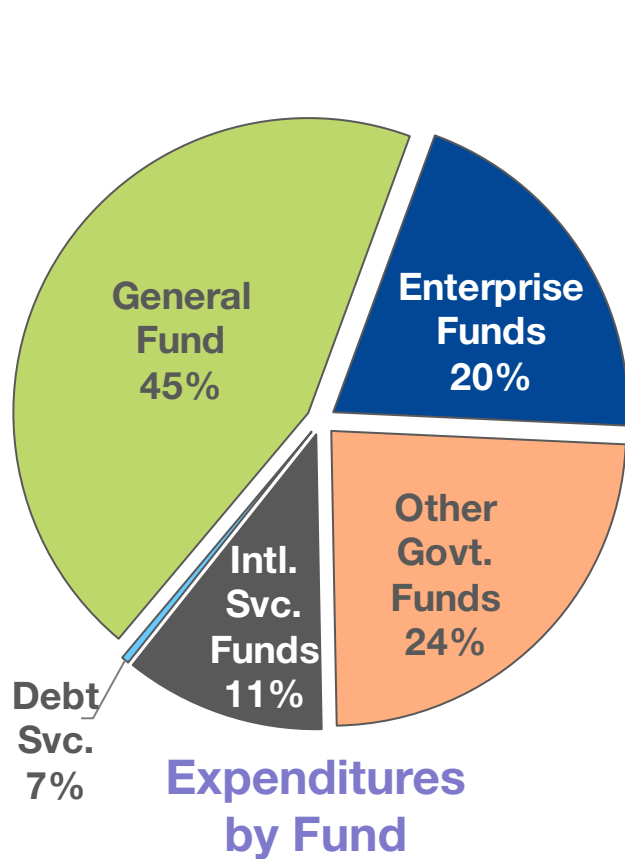
- **Payment In-Lieu of Affordable Units** - The decrease is due to no anticipated approvals, which result in the payment in-lieu of constructing affordable units as part of development



OVERVIEW EXPENDITURES

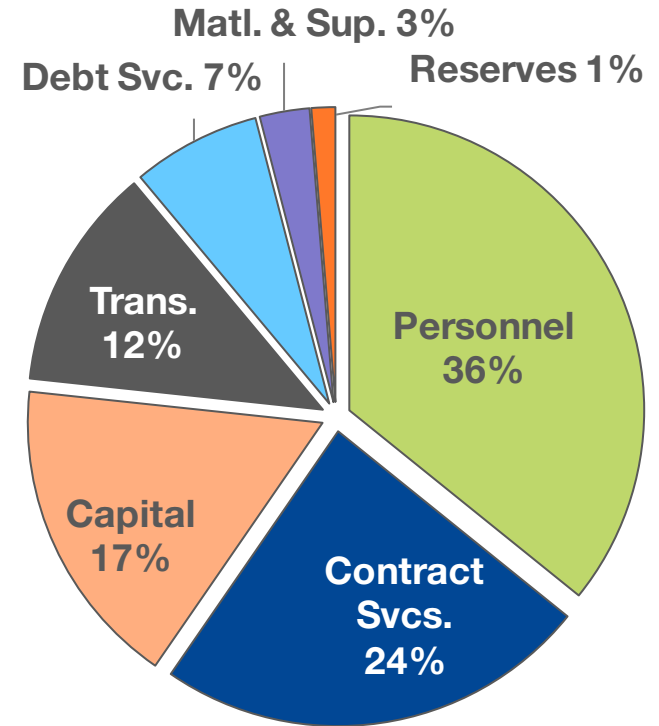
2017 EXPENDITURES

Total Proposed Expenditures \$84.4 million



OPERATING EXPENDITURES

	Total 2017 Budget	Incr/(Decr) '17 Budget vs. '16 Est.
Personnel	30,223,400	1,037,400
Contractual Services	20,093,500	169,900
Materials & Supplies	2,299,000	(21,800)
TOTAL	52,615,900	1,185,500



Notable Variances:

Personnel

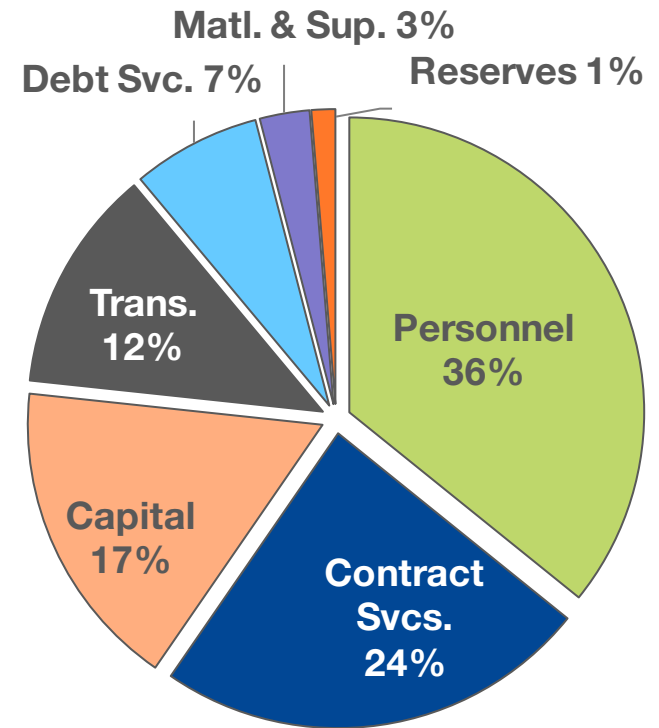
- Personnel cost increases related to union contracts and the City's compensation plan
- A net increase in City staff of 1.4 equivalents

Contractual Services

- Anticipated higher employee insurance costs

LONG-TERM INVESTMENT

	Total 2017 Budget	Incr/(Decr) '17 Budget vs. '16 Est.
Capital	14,426,100	(6,190,400)
Debt Service	5,943,600	468,500
TOTAL	20,369,700	(5,721,900)



Notable Variances:

Capital

- The decrease in capital improvements is largely due to the completion of the AMR project in 2016

Debt Service

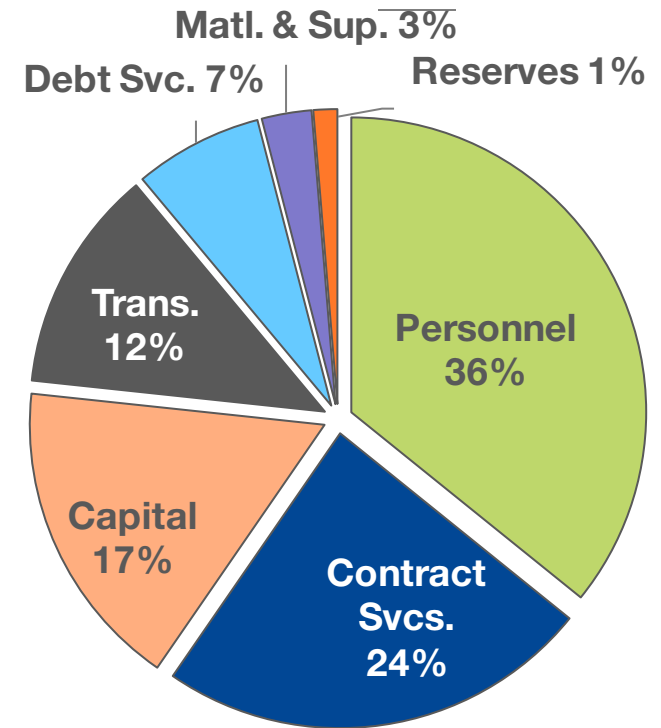
- Consistent with debt service plan for prior year debt issuances, plus \$3.3 million of GO bonds budgeted for 2017

CAPITAL IMPROVEMENTS

14,406,100	2017 Capial Improvements
6,045,000	Water and Sewer Infrastructure
1,890,000	Storm Sewer Upgrades
1,465,000	Water Main Replacements and Production
1,415,000	Sanitary Sewer Improvements
1,190,000	Water Production and Storage Upgrades
85,000	All Other Water and Sewer Improvements
5,756,900	Street, Bridge, Bike Walk, Sidewalk, Parking, Ravines
3,405,000	Street Improvements
1,114,500	Bridge Design and Repairs
600,000	Ravine Improvements
427,900	Bike Walk HP2030 Plan and Sidewalk Upgrades
134,500	Parking Improvements
75,000	Street Lighting Enhancements and Street Striping
1,100,000	Facilities Priority 1 Upgrades
1,504,200	Public Safety, Community Vibrancy and Other Improvements
531,900	Public Safety Vehicle/Equipment Replacements/Upgrades
390,000	Public Works Vehicle Replacements
337,300	Technology and Other Improvements
245,000	Forestry EAB Removal and Planting

RESERVES AND TRANSFERS

	Total 2017 Budget	Incr/(Decr) '17 Budget vs. '16 Est.
Public Safety Pension	7,850,573	815,373
Water Fund Transfer	1,218,400	59,800
Motor Fuel Tax	815,000	(35,000)
Enhanced 911	350,000	-
Parking Fund Transfer	99,000	-
Transfers	10,333,000	840,200
OPEB Contribution	955,500	390,300
SSA 18 Capital	145,500	-
Reserves	1,101,000	390,300
TOTAL	11,434,000	1,230,500



Notable Budget Variance:

- **OPEB contribution** - Increase consistent with actuarial valuation



OVERVIEW
FUND BALANCE

FUND BALANCE

Fund	Estimate 1/1/2017	Operating		Debt/Capital/Transfers		Budget 12/31/2017	% Budget	% Target
		Revenue	Expenditure	Revenue	Expenditure			
General	16,232,800	39,505,500	(32,836,300)		(4,722,300)	18,179,600	55%	35%
Multi-Modal Transp.	411,600	4,406,300	(4,288,500)		(95,000)	434,300	10%	10%
Motor Fuel Tax	436,000			750,900	(815,000)	371,900	n/a	0%
Enhanced 911	174,200	249,200	(32,100)		(350,000)	41,400	11%	10%
Public Safety Pension				6,055,100	(6,055,100)		n/a	0%
Environmental Sustain.	317,700	145,000	(143,000)			319,700	224%	10%
Debt Service	2,099,300			3,015,400	(3,091,900)	2,022,900	65%	15%
Street Improvements	2,115,200			3,151,000	(5,229,500)	36,700	1%	0%
HP Theatre	(60,000)	8,300	(24,000)			(75,700)	-316%	10%
TIF Fund	1,157,900	216,600	(120,000)			1,254,500	1045%	0%
Water	685,900	8,151,300	(4,143,400)	2,600,000	(6,250,000)	1,043,900	25%	25%
Sewer	2,266,100	4,712,800	(1,814,700)		(3,853,700)	1,310,500	72%	15%
Parking	564,100	770,600	(692,300)		(233,500)	409,000	59%	15%
Equipment	3,135,900	3,684,400	(2,847,400)		(1,082,800)	2,890,100	101%	50%
Insurance	3,470,400	5,325,400	(5,321,100)		(25,000)	3,449,700	65%	10%
Housing Trust Fund	864,100	184,300	(353,100)			695,300	197%	10%
GRAND TOTALS	33,871,200	67,359,700	(52,615,800)	15,572,400	(31,803,700)	32,383,700		



OVERVIEW
NEXT STEPS

NEXT STEPS

- **Oct. 10 – Department Budget Presentations**
 - City Manager’s Office
 - Finance Department
 - Police Department
 - Fire Department
- **Oct. 24 – Department Budget Presentations**
 - Public Works
 - Capital Review
 - Community Development

OVERVIEW



Questions?

www.cityhpil.com