

SYCAMORE CITY COUNCIL
AGENDA
April 6, 2009

CITY COUNCIL COMMITTEE MEETINGS
No Meetings Are Scheduled

REGULAR CITY COUNCIL MEETING
7:00 P.M.

1. **CALL TO ORDER**
2. **INVOCATION**
3. **PLEDGE OF ALLEGIANCE**
4. **APPROVAL OF AGENDA**
5. **AUDIENCE TO VISITORS**
6. **CONSENT AGENDA**
 - A. Approval of the Minutes for the Regular City Council Meeting of March 16, 2009.
 - B. Payment of the Bills for April 6, 2009.
7. **PRESENTATION OF PETITIONS, COMMUNICATIONS, AND BILLS.**
8. **REPORTS OF OFFICERS**
9. **REPORTS OF STANDING COMMITTEES**
10. **PUBLIC HEARINGS**
 - A. **Public Hearing on the Proposed FY2009-2010 City Budget.**

Pursuant to the direction of the City Council Finance Committee on March 18, the Annual Budget for Fiscal Year 2009-2010 that extends from May 1, 2009 through April 30, 2010 is presented for public comment. This budget document compiles the numerical and narrative budgets for each General Fund department and each of the City's capital funds, special funds, and bond funds in one volume for easy reading and reference.

Spending within the FY2010 Budget totals \$58,441,086 inclusive of all City funds (including \$30,331,529 in pass-through fuel funds). The General Fund expenditure budget totals \$12,308,086. These expenditures are offset by \$12,327,501 in anticipated General Fund revenues. The projected General Fund operating reserve or starting fund balance as of May 1, 2009 is \$4,184,363 or 34% percent of the planned General Fund expenditures for FY2010.

In the General Fund, some conventional operating expenses have been dramatically reduced to meet a serious general revenue shortfall based in large part on declining sales tax revenues and the collapse of local residential construction. In addition, hard-earned reserves have been brought into the General Fund to achieve departmental spending targets that continue basic services. These moves are outlined below and were reviewed at the March 18 meeting of the Council Finance Committee:

- ✓ \$276,000 has been shifted from the personnel budget of the Public Works department to the Water and Sewer enterprise funds in FY2009-2010. This will hopefully be a one-time transfer of financial liabilities.
- ✓ \$150,000 in annual salt costs has been shifted from the Public Works department budget to the Motor Fuel Tax Fund.
- ✓ \$38,000 in grant support has been shifted out of the General Fund (Mayor/Council budget) to the Hotel/Motel Tax Fund.
- ✓ \$21,000 in matching sidewalk repair grants has been shifted out of the General Fund (Building department budget) to the Capital Assistance Fund (Fund 6).

The foregoing cost-shifts reduce General Fund expenditures by \$485,000. In addition, the Fire department's intern program budget has been reduced from \$33,300 in FY09 to \$10,081 in FY2010 (-\$23,219.00).

Even with these financial steps, the proposed FY10 General Fund budget was in deficit by \$437,000 before two reserve fund transfers: a transfer of \$250,000 from the Hotel/Motel Tax Fund reserve and a transfer of \$250,000 from the General Fund reserve. In short, to provide an FY10 operating budget with expenditures balanced by revenues, a total of \$1,008,219 in cost-shifting and reserve transfers was needed. Notwithstanding this extraordinary series of steps, the proposed FY10 Budget includes an across-the-board 2% wage and salary increase for all City employees. The proposed FY10 Budget does not take into account a higher level of increase for any City employee group, such as the 3.75% increase recently awarded by the Arbitration panel for Local 3046 for FY10. As the Council is aware, the City has dissented from the Arbitration panel's wage award for Local IAFF as well as the Arbitration panel's decision on EMT/Paramedic bonuses and has filed its reasons for rejection with the Illinois Labor Board. A supplemental hearing has been scheduled for May 1.

No new taxes or fees are included in the General Fund budget. No new hires are included in the General Fund expenditures. From the spring of 2007, sagging local sales tax revenues, substantially lower fees derived from local housing development, and a conscious City policy to reduce the City property tax rate have limited the general revenues available for

municipal operations. The projected FY2010 general operating revenues—exclusive of reserve transfers—are three percent (3%) lower than the budgeted FY2009 revenues.

Wage and salary expenditures incorporate union contractual increases and management pay increases of two percent.

Other significant General Fund expenditures include the following:

- Debt service of \$555,000 to fund the principal and interest on the 2007 general obligation bond (\$200,000); 2005 refunding bond (\$155,000); and the 2002 general obligation bond (\$200,000).
- An allocation of \$150,000 (513-8493) to pay the FY10 sales tax rebates to Sycamore Ford, Brian Bemis World Auto, and Jewel.
- An increase of about 7% in health insurance premiums for full-time employees and about 20% in worker comp costs;
- A reserve transfer of \$100,000 to the Employee Benefit Assistance Fund (Fund 23) for accrued leave payouts in the event of the retirement of several senior employees in FY2010.

In FY2010 the capital and special funds are all balanced with appropriate reserves. The FY2010 Budget proposes a very ambitious three-year capital spending program totaling \$23,103,775 but involving no increase in the City's portion of the aggregate property tax. The FY10 portion of this capital program totals \$11,526,525. Highlights of the FY10 capital program are listed below:

- A street maintenance program of \$1,191,000.
- The construction of 1.5 million gallon elevated water storage tank at the Engh Farm for a bid price of \$2,990,000.
- Completion of the engineering for Phase I of the treatment plant expansion: \$400,000.
- Installation of new sludge de-watering facilities at the Treatment Plant as part of Phase I: \$2,700,000.
- Funding for Phase II of the engineering and grading for the Peace Road bike path from Bethany Road to IL. Rt. 64: \$165,000.
- Vehicle and equipment replacement including three police squad replacements, upgrading ambulance I-23 from BLS to paramedic certification, replacement of a large dump truck with plow and spreader, replacement of a four wheel drive $\frac{3}{4}$ ton pickup, replacement of a two wheel drive $\frac{3}{4}$ ton pickup, in-car video replacements in the Police squads, air pack replacements, replacement turn-out gear, replacement of PC and printer hardware, etc.: \$347,625.

For many years, the City's general revenues have provided a steady share of the funds necessary to pay for the maintenance of our infrastructure. Managed economic development is therefore critical to the City. Sales and use tax proceeds, rather than property taxes, fines, or fees, are the principal source of our general revenues. Without fiscal strength in the form of strong general revenues, our municipal organization will not adequately satisfy the sometimes competing public expectations for more service and more capital improvements.

In the period from May 1, 2009 through April 30, 2010 the City's Water Impact Fee Fund and Sewer Impact Fee Fund will shoulder a very substantial portion of the financing of several big-ticket capital improvements. For example, the Water Impact Fee Fund will underwrite the greater share of the engineering and construction of the City's second water tower, based on a feasibility study and preliminary engineering funded by the Water Impact Fee Fund in FY08.

Coincident with this initiative, the Sewer Impact Fee Fund will be tapped in the period FY2010-FY2011 for Phase I of the planned treatment plant upgrade and expansion, which will cost approximately \$15.4 million upon completion. In FY09, the preliminary engineering for Phase I of this ambitious undertaking was largely completed along with the installation of a new bar screen in the head works building. The Phase I construction which is focused on the installation of mechanical systems to remove water from the sludge created in the wastewater treatment process will be well underway in FY10.

11. ORDINANCES--None

12. RESOLUTIONS--None

13. CONSIDERATIONS

A. Consideration of an Administration Request for a Closed Session to Discuss Collective Bargaining and Closed Session Minutes.

14. OTHER NEW BUSINESS

15. APPOINTMENTS

16. ADJOURNMENT