

The Rock Island City Council met in reconvened session on Saturday, February 26, 2011 at 8:00 a.m. in the Personnel Conference Room of Rock Island City Hall. Present were Mayor Dennis E. Pauley, presiding, and Aldermen David A. Conroy, P.J. Foley, Stephen L. Tollenaer, Jason W. Jones, Joy Murphy and Charles O. Austin III. Staff present included City Manager John C. Phillips, Finance Director Bill Scott and Budget Coordinator Don Reichert. Other staff entered the room at various times of the morning pertinent to their presentations. Alderman Terry M. A. Brooks I arrived at 8:48 a.m.

BUDGET OVERVIEW

Finance Director Bill Scott opened the discussion and provided the City Council with an overview of the proposed budget for Fiscal Year 2011/2012.

Mr. Scott stated that any adjustments that Council makes will be incorporated into the final budget ordinance. Mr. Scott advised that the Public Hearing on the budget is scheduled to be held on March 14, 2011. It was noted that the property tax levy will probably have to be amended on March 14th. Mr. Scott added that if Council desires, the budget could also be adopted on March 14th.

Mr. Scott made reference to various budget documents including the tax ordinance and miscellaneous tables regarding capital, infrastructure maintenance projects, programs, general fund revenues and expenditures and transfers by fund.

Mr. Scott reviewed the Manager's Brief. Mr. Scott advised that the budget includes all City funds and lists the major 2012 capital and infrastructure maintenance projects, which include; the Long Term Control Plan (wet weather treatment), transient boat dock, new City garage, fleet equipment purchases, street repair projects, replacement of 14th Street water tower, Schwiebert Riverfront Park, Old Chicago Park construction and Douglas Park improvements.

Mr. Scott stated that the budget includes expenditures totaling \$5,500,000.00 from riverboat gaming revenues. Mr. Scott commented that the budget includes all personnel costs in which there is an increase of 2.19 full time equivalents (fte) due to the maintenance requirements of the expanded Martin Luther King Jr. Community Center and the new Schwiebert Riverfront Park. It was noted that these increases offset decreases in the police, fire and library departments. Mr. Scott noted that there is no general wage increase budgeted for any city employee.

Mr. Scott made reference to page 12 of the budget and stated that the charts show a breakdown of revenues in the total budget. Mr. Scott added that the first chart shows where the money comes from. It was noted that property taxes are 13% of the total budget revenue. Mr. Scott stated that local and state taxes make up 18% of the total budget revenue. It was noted that charges for services account for 19% of budget revenue and investments and bonds make up 16% of total revenue. Mr. Scott pointed out that grants account for 7% of the total budget revenue. Mr. Scott then discussed page 13 of

the budget on where the money is being spent. Mr. Scott offered that 32% of the total budget is in personnel. It was noted that services account for 19% of the total budget. Mr. Scott stated that capital is 21% of the budget. Mr. Scott further discussed both charts.

Mr. Scott then referenced issues regarding the budget including the property tax levy, motor fuel costs and flood projections. Mr. Scott advised that Council adopted the levy in December in which the levy is up \$190,000.00 or a 1.7% increase, which is the same projected increase in the equalized assessed value. Mr. Scott commented that there would be no change in the property tax rate and this is done with the interest rate assumption of 7.5%. It was noted that the General Fund actually decreased about \$124,000.00 with the pension funds from the prior year and there is no increase for library and parks. Mr. Scott commented that this is where the City is at the moment.

Mr. Scott addressed Council and stated that the governor has since passed the pension legislation. It was noted that the actuarial report the City received was set at 8.0%. It was the direction of the City to go to 7.5%. Mr. Scott advised that it is recommended for one (1) year to go back to 8% based on the actuarial report. It would not change the amount of the levy; it would still be a 1.7% increase and no change in the rate, but it would provide a 3% increase of library and parks. Mr. Scott advised that last Monday, City Manager Phillips proposed another change and this is due to the adjustment being made for the animal control staffing. Mr. Scott pointed out that the City has a surplus in the General Fund of about \$12,000.00 coupled with the change in animal control would give the City approximately another \$74,000.00 to work with.

Mr. Scott explained that if that adjustment was made then there would be no change in library and parks from what was just proposed in regards to the interest rate assumption. The General Fund would go down a little, but that would be offset by the reduction in expenditures. It was noted that the total levy would go up by about \$115,000.00, which is just over a 1.0% increase and the tax rate would go down from 2.38 to 2.37. Mr. Scott added that the income tax and use tax are based on census numbers and staff used the preliminary census numbers, which were actually less than what the final census numbers were when it came out. It was noted that now, there is an additional \$93,000.00, which brings the total to \$168,000.00. Mr. Scott stated that those revenues could be increased and the property tax revenues could be decreased and that would take the tax rate from 2.38 to 2.34.

Council and Mr. Phillips discussed the property tax levy issue.

Public Works Director Bob Hawes discussed the motor fuel price increases and flood projections. Mr. Hawes stated that fuel prices are increasing. Mr. Hawes advised that staff recalculated the projections assuming that fuel costs would increase 20% over the next 16 months and if that happens, the fuel budget will be about \$180,000.00 short. Mr. Hawes further discussed this issue.

Mr. Hawes stated that the budget is built on a normal flood which is 16 feet. It was noted that the probability of 16 foot flood is 48%. Mr. Hawes advised that the current

probability for this April is 99% plus. Mr. Hawes commented that the normal probability for a record flood is 22 feet and 6 inches, which is slightly less than 1.0% and now the probability is 33%. Mr. Hawes advised that the probability of a 26 foot flood is typically 0 and now it is 12%. Mr. Hawes further discussed the flood issue.

Council further discussed the property tax levy issue, motor fuel issue and the flood issue.

After the overview of the 2011-2012 Budget, each scheduled department presented their budget to Council.

MARTIN LUTHER KING CENTER

Martin Luther King Center Director Jerry Jones presented the King Center's 2011/2012 Budget.

Mr. Jones stated to Council that overall, there is a 79% decrease in the Martin Luther King Center, which is mostly attributed to the lack of the project in next year's budget. Mr. Jones added that actually, it will be a very small increase of approximately \$34,000.00, and much of that can be tied to the added cost to maintain the new facility.

Mr. Jones advised that the full time staff will remain at the same level. However, the King Center is looking to increase its part-time staff for a total of 3.76 fte's. Mr. Jones indicated that the increase in personnel costs are funded entirely by grants and if the grants go away then the people go away.

Mr. Jones indicated that it is anticipated that the completion date for the King Center expansion project will be in April with the grand opening in May. Mr. Jones advised that at this time, the fundraising is short by about \$150,000.00.

Mr. Jones stated that the King Center Board will be looking at how to more effectively fundraise in the future. It was noted that the King Center is working on raising funds for operations through a partnership with the Metropolitan Youth Program of approximately \$22,000.00. Mr. Jones advised that other priorities for the King Center Board include; maximizing the use of the new community room concerning the liquor variable and to explore the idea of leasing space in the new facility for offices.

Mr. Jones indicated that there could be a lot of potential problems with the government seeking to cut back funding now and for next year. It was noted that this would make a major impact on King Center programming. Mr. Jones added that with the decrease of CDBG funding, this would reduce services and personnel.

Council discussed the fundraising efforts as it relates to firming up pledges and possible other funding sources as it relates to issues regarding the King Center operations and volunteerism.

POLICE

Police Chief Scott Harris along with Deputy Chief Jeff VenHuizen and Lt. Jason Foy addressed Council and presented the Fiscal Year 2011/2012 Police Budget.

Chief Harris stated that crime was at its lowest level in 2010 for violent crime and overall crime. It was noted that last year, the State of Illinois changed the standard on how agencies report crime to the State. Chief Harris further discussed the process for reporting crime.

Chief Harris advised that the reorganization of the Police Department that was done two (2) years ago has been very important. It has improved communication between the different divisions and enhanced career development opportunities.

Chief Harris indicated that the Police Department received a grant through the Illinois Law Enforcement Alarm System (ILEAS) for five (5) new mobile data terminals that will be utilized in the squad cars. Chief Harris noted that the Fire Department will receive the five (5) mobile data terminals being replaced for use in their emergency vehicles.

Chief Harris stated that the overall budget is approximately \$12.2 million dollars, which is 1% lower than the current budget. It was noted that expenses for the General Fund are 2% lower. Chief Harris advised that an increase in revenues has been budgeted in the areas of Alarm System Permits, DUI Reimbursement and the DUI Fine Law Fund. It was noted that there are new revenue funds that the State of Illinois has created, which include a Crime Lab fee and Failure to Appear fee. Chief Harris stated that the Crime Lab fee will possibly generate \$13,000.00 and there will be a \$70.00 fee for Failure to Appear. Chief Harris indicated that the Illinois State Training Reimbursement, Court Supervision, Code Hearing fees, Court Costs/Fees/Charges and Recovered Property Cash are all revenues that are projected to decrease.

Chief Harris pointed out that there is a change in staffing levels from 112 to 110 employees. It was noted that there are 83 sworn officers, but the Police Department is short two (2) of those positions. Chief Harris stated that personnel expenses are basically at 0%. Chief Harris offered that there is a 17% increase in supplies due to \$26, 000.00 of radio equipment required by the Federal Government. Chief Harris discussed the State Drug Fund and noted that the fund is restricted by the State on what the funds can be used for. Chief Harris added that the space needs analysis for possible consideration of the Police Department facility upgrades will come out of the State Drug Fund.

Council and Chief Harris further discussed the Police Department's proposed 2011/2012 Budget.

CED

Community and Economic Development Director Greg Champagne accompanied by Planning and Redevelopment Administrator Alan Carmen, Chief Building Official Tom Ayers and Special Projects Manager Sally Heffernan addressed Council and presented their department's 2011-2012 Budget.

Mr. Champagne stated that the department is up one (1) position with the addition of the Administrative Support position. It was noted that there was a \$36,500.00 allocation in General Fund support for that position. Mr. Champagne pointed out that the funding for that position is set up to be 2/3 funded by the General Fund and 1/3 funded with TIF dollars.

Mr. Champagne advised that expenditures are down about \$2 million dollars primarily due to the Neighborhood Stabilization Grant 1 (NSP1).

Mr. Champagne discussed block grant funding as it relates to the Federal Government's reduction in block grant dollars. Mr. Champagne noted that of the 23 full time positions in the department, 17 are supported in some way with block grant dollars. It was noted that with the Federal Government's reduction in block grant funding, this will have a significant impact on staffing in the department. Mr. Champagne stated that this will be monitored very closely.

Mr. Champagne advised that on the economic development side of things, a lot more activity is being seen. It was noted that the department is receiving a lot more leads from Quad Cities First. Mr. Champagne discussed several economic development opportunities.

Mr. Champagne discussed the Neighborhood Stabilization Grant 2 (NSP2) as it relates to housing construction. Ms. Heffernan discussed Quad Cities First as it relates to property sites.

Mr. Ayers discussed the rental residential property inspection program as it relates to the process and proposed changes in fees and incentives concerning rental residential property owners.

Mr. Champagne pointed out that the idea behind the proposal for the change regarding residential property inspections is to make the program do a better job of paying for itself. It was noted that this \$300,000.00 a year program is nowhere near covering costs.

Council further discussed rental residential property inspections and licensing as it relates violations; the proposed increase in fees; the possibility of the increases being passed on to the tenants from the landlords; and funds as it relates to block grant dollars being used to support the program.

After more discussion regarding the rental inspection program, City Manager Phillips stated that staff will follow up with a breakdown of revenues; the expense of the program; and the amount of block grant dollars that go to subsidize the program.

LIBRARY

Library Director Ava Ketter along with Assistant Library Director Amy Penry presented the Library's Fiscal Year 2011-2012 proposed Budget.

Ms. Ketter stated that in the past years, there has been a significant cut in supplies, materials and services. It was noted that for this fiscal year, there is a 3% increase, which is approximately \$127,000.00. Ms. Ketter advised that to make up the \$127,000.00, more books would be cut, which would produce a savings of \$27,000.00 and for the first time, a reduction in staffing is being considered. Ms. Ketter indicated that the budget is built around a reduction in staffing of 1.49 fte's and that reflects 12 furlough days throughout the year. It was noted that the furlough days would have to be negotiated with the UAW. Ms. Ketter explained that in regards to the furlough days, this would be a savings of approximately \$64,000.00. It was noted that all library facilities would be closed to the public for one day a month; services would be curtailed; part-time staff hours would be reduced slightly to make the schedule consistent between the buildings and aid in rotating staff to cover shortages. It was noted that all employees of the library would be subject to furlough days.

Ms. Ketter stated that the materials budget is down 6.0%. It was noted that the increase in services is due to the CIP project, which is the key alarm panel replacement. Ms. Ketter advised that all remaining programs in the budget will be underwritten by the Friends. Ms. Ketter commented that there is an unofficial word that there is the possibility of two (2) retirements midyear, which would create a solid savings in the second half of the fiscal year.

Ms. Ketter advised that the library is in the process of exploring the idea of creating a new shared computer system for the Quad Cities. It was noted that the Request for Qualifications went out this past Wednesday and bids are due back March 7th.

Ms. Ketter further discussed the creation of the Quad Cities regional shared library system as it relates to costs and savings. Ms. Ketter also discussed the possibility of a reduction in furlough days as it relates to a probable grant from the Foundation.

Council discussed the Rock Island Library's proposed 2011/2012 Budget.

FINANCE

Finance Director Bill Scott, Budget Coordinator Don Reichert and Accounting Supervisor Linda Johnson presented the Finance Department's Budget for Fiscal Year 2011-2012.

Mr. Scott stated that a lot of effort this year went into implementation in the payroll area. Mr. Scott indicated that in financial management, there is a monthly bid on investments and the process has been modified. Budget Coordinator Don Reichert explained the modifications.

Mr. Scott noted that next year, the centralized cash receipting system will be implemented. Mr. Scott added that this will tie everything together (payment collection, processing activities etc.). Mr. Scott advised that it provides a way to connect all collection sources with customer and accounting applications using a single system.

Accounting Supervisor Linda Johnson discussed GASB 54 regarding fund balance reporting. Ms. Johnson stated that this basically redefines the governmental fund balances. Ms. Johnson indicated that currently, the fund balances are described as reserved and unreserved. It was noted that the GASB 54 established categories depicting the relative strength of the constraints that control how specific amounts can be spent. Ms. Johnson commented that the Finance Department will possibly implement this standard this fiscal year.

Mr. Scott advised that the Finance Department is currently working on improving the purchase card process in three (3) areas. Mr. Scott added that in the budget, there is revenue included for rebates based on volume of purchases. The second area includes improving the process for recording payments and the third area includes looking at liability issues surrounding those cards. Mr. Scott indicated that for the future, a document imaging system would be a good investment city wide. Mr. Scott further discussed the system.

Budget Coordinator Don Reichert indicated that the total department is up 14%, which is \$202,185.00. It was noted that personnel is up 7% due to a new area in severance pay that was added and education has slightly been increased. Mr. Reichert advised that services increased 8%, some of which was due to budgeting for more postage in regards to the banking services contract. It was noted that there is an increase in financial services due to the auditors extra cost of doing the ARRA (stimulus) grants. Mr. Reichert advised that a new area for the Finance Department next year is in capital, which is \$23,210.00 being budgeted for three (3) workstations. Mr. Reichert stated that transfers is up due to the doubling of the transfer from the General Fund to the Martin Luther King Center from \$40,000.00 in Fiscal Year 2010/2011 to \$82,650.00 in Fiscal Year 2011/2012 and that covers operational costs. Mr. Reichert added that contingency has increased by 12%.

**CITY OF ROCK ISLAND
CITY COUNCIL MEETING – BUDGET**

**February 26, 2011
MINUTES**

Council discussed the central cash receipting system as it relates to utilities. Council also discussed billing as it relates to monthly as opposed to the current quarterly billing. In addition, Council discussed customer service as it relates to employee training.

CITY CLERK

City Clerk Aleisha Patchin presented the proposed City Clerk's 2011/2012 Budget to Council. Ms. Patchin explained that there were no major changes in the proposed budget. Ms. Patchin indicated that in the staffing category, there was a slight increase in hours for the clerical assistant, which resulted in an increase of 0.05 in full time equivalents (fte). It was noted that the 14% decrease in services is attributed to a reduction in internal printing costs and telephone services, which is mainly due to the implementation of the new phone system (VOIP). Ms. Patchin stated that the 11% increase in supplies is due to the general increase of the cost of supplies. Ms. Patchin also discussed printing costs as it relates to Freedom of Information files now being saved electronically.

RECESS

A motion made by Alderman Brooks and seconded by Alderwoman Murphy to recess to Saturday, March 5, 2011 at 8:00 a.m. The motion carried by the following Aye and No vote: those voting Aye being Alderman Brooks, Alderman Conroy, Alderman Foley, Alderman Tollenaer, Alderman Jones, Alderwoman Murphy and Alderman Austin; those voting No, none.

The meeting was recessed at 11:40 a.m.

Aleisha L. Patchin, City Clerk