

**City of Woodstock
Special City Council Budget Workshop
April 12, 2016
Council Chambers**

MINUTES

A special Budget Workshop meeting of the Woodstock City Council was called to order by Mayor Brian Sager at 3:30PM on Tuesday, April 12, 2016 in the Council Chambers at Woodstock City Hall. Notice of this Special Meeting was posted 48 hours in advance at Woodstock City Hall. All media was notified of this Special Meeting. All Council members were notified of this Special Meeting.

Mayor Sager stated that the purpose of this meeting is a workshop to discuss and review the FY2015/2016 Budget.

A roll call was taken.

Council members present: Daniel Hart, Maureen Larson, RB Thompson, Joseph Starzynski, Michael Turner, and Mayor Brian Sager.

Council members absent: Mark Saladin. Councilman Saladin joined the proceedings at 4:13PM.

Staff present: City Manager Roscoe Stelford, Finance Director Paul Christensen, Human Resources Director Deborah Schober, Public Works Director Jeff Van Landuyt, Opera House Director John Scharres, Library Director Nick Weber, Police Chief Robert Lowen, Recreation Director Dave Zinnen, Economic Development Director Garrett Anderson, Building and Zoning Director Joe Napolitano, Deputy Chief of Police John Lieb, Assistant Public Works Director Tom Migatz, Opera House Box Office Manager Daniel Campbell, Opera House Building Manager Mark Greenleaf, Opera House Production Manager Joe McCormack, Opera House Production Assistant Dan Wiegel, IT Manager Dan McElmeel, and Grant Writer Terry Willcockson.

OTHERS PRESENT: City Clerk Cindy Smiley

Mayor Sager expressed appreciation to staff and all who worked to put this document together. He noted one of the things the City has always been able to say is that its financial documents are in order and prepared in a professional manner. He stated, in addition staff has done an excellent job in tying this document to the work of the City making it in every sense of the word a planning document. He stated there is no more important decision the Council can make than to pass a balanced budget designating how the City's funds are to be used. Noting there is a majority of the quorum present, he stated it is appropriate to proceed with the budget discussion.

BUDGET DISCUSSION

In response to a request from Mayor Sager to offer introductory comments, R. Stelford echoed Mayor Sager's comments stating this document would not have been possible without the work of City Staff. He stated Council will notice some changes when looking at the budget, noting staff was challenged to analyze functions and develop other methods of providing services in a more cost-effective and efficient manner. He further stated that staff was challenged this year to create performance measurements for their respective operations. Mr. Stelford noted while some of this information will be refined over the next two or three

years, this first attempt represents a good start and will be beneficial in the long-term management of the City's limited financial resources.

Mr. Stelford stated the FY16/17 Budget as presented is balanced from an operating perspective and addresses the priorities Council identified in the previous Budget Workshops while still allowing the City to continue to freeze the property tax levy only relying on new growth.

P. Christensen stated last year finished extremely well with \$800,000 in the General Fund which can be transferred for use in the CIP. He noted this is due to increased revenues and decreased spending. In response to a question from M. Turner, Mr. Christensen stated the majority of savings is due to a decrease in spending. In response to a question from RB Thompson concerning the Police Pension Fund, Mr. Christensen stated this fund will not make the actuarial assumptions, but that it is a long-term goal with peaks and valleys.

Mayor Sager noted the budget document is comprised of four sections: the Budget Transmittal Letter, Introduction, Department/Fund Budgets, and Supplemental Information. He recommended reviewing the budget section by section and suggested grouping related items and funds within each section for discussion.

Budget Transmittal Letter

Mayor Sager stated it is important to acknowledge the significant accomplishments made by staff in FY15/16 on behalf of the residents. He noted these included the reconfiguration of the Community and Economic Development Department into two separate departments: the Building and Zoning Department and the Economic Development Department; the hiring of two professionals to staff the new Economic Development Department; creation of the Enterprise Zone, implementation of Incentive Programs to benefit existing businesses and attract new businesses; and the partnership and support of the Chamber of Commerce, among many others.

Mayor Sager also noted the significant building needs that were addressed at the Old Courthouse and the establishment of the Old Courthouse and Sheriff's House Advisory Commission.

Mayor Sager stated that total General Fund Revenues are projected to end FY15/16 exceeding the budgeted amount by \$300,800 or 3.2%. In addition, he stated FY15/16 expenditures are projected to end \$257,800 or 5.4% below the budget.

Mayor Sager stated the FY16/17 Budget projects revenues of \$32,280,400 which is an increase of 2.1% when compared to FY15/16. He noted the City will once again be able to abate the inflationary increase allowed by PTELL, doing so for the 5th consecutive year. He further noted the City has been successful at balancing the budget without extending PTELL, saving the residents which could have been a 25% cumulative increase in their property taxes.

Mayor Sager then called Council's attention to the many goals identified for FY16/7 as summarized on Page 8 of the Budget Transmittal Letter.

In response to a question from Mayor Sager, R. Stelford stated this is a balanced operating budget. He noted when including capital expenditures it may result in the appearance of an unbalanced budget as capital projects may use resources received in prior years or may be begun in one year and finished in the following year. He stated this is why the budget is referred to as a balanced operating budget

Introduction

Personnel Summary

Mayor Sager called attention to the Personnel Summary, stating this is a staffing comparison by department. He noted the City is down 17 FTE (full-time equivalents) from FY13/14 and down .5 FTE from FY15/16.

R. Stelford stated that the position of Planning and Zoning Administrator, vacated with the retirement of Jim Kastner, will not be filled, but rather those functions will be split among three other individuals in that Department. He also noted that the Office of the City Manager lists 6.0 positions which is an increase. He stated the Administration is recommending the addition of a 2nd IT staff member who would provide technical support for all City departments. Mr. Stelford also stated that with the forthcoming retirement of the City Manager's Office Assistant, staff came up with the creative idea of sharing this position with the Opera House. He stated one full-time person will be hired who will serve as a half-time Office Assistant in the City Manager's Office and a half-time Office Manager for the Opera House. He noted this is not reflected in the budget document as the retirement of the Office Assistant was not known until the document was completed, but that it will save the City one part-time position.

In response to a question from M. Turner, R. Stelford stated IT Manager Dan McElmeel is inundated with service requests, because the City has so successfully embraced technology and he covers all departments. He noted that, as a result, some projects just must wait. He stated that Mr. McElmeel also is responsible for the fiber project, noting that the partners in this project have talked about how much the City has done to make this project successful and that this is due to Dan. Mr. Stelford also stated that in the next few years the police sergeant who handles many IT functions at the Police Department will be retiring which will necessitate having someone who can take over this function. In addition, he stated, this individual will be able to provide IT services to the Public Library which currently outsources these services. He stated the Administration is looking at creative methods to fund this position. D. Schober noted this IT position was added to last year's budget, but was not filled.

Overview – All Funds

A brief discussion ensued regarding the revenue sources and expenditures.

Overview – Governmental Funds

In response to a question from M. Turner, R. Stelford noted this is a summary statement for the General Fund.

Overview –Proprietary Funds

No discussion

Overview – Fiduciary Funds

No discussion

Major Revenues

In response to a question from M. Turner, R. Stelford stated it is largely the income tax revenue that is being referred to when discussing cuts in state-shared revenue. In response to further questioning, he stated the amount of the cut discussed has been as high as 50%.

Community Profile

Mayor Sager commended staff for the Community Profile that has been included in the budget document.

Department/Fund Budgets

Mayor Sager suggested grouping related departments/funds together for discussion.

General Fund Revenues

No discussion

General Government/City Hall

RB Thompson noted the City's legislative advocate also works on behalf of MCCG and other municipalities and questioned the \$60,000 expenditure for this service. Mayor Sager opined that the City has had a couple of incredible years with moving projects forward, including the Rt. 14 and Rt. 47 improvement projects, crediting the efforts of the City's legislative advocate for this. R. Stelford noted the \$60,000 is paid to the advocate's firm for the work of her entire team. He also noted, when visiting Springfield City representatives have been told repeatedly the City has a great legislative advocate. J. Starzynski stated every person he met when participating in a drive-down to Springfield, whether Republican or Democrat, told him Woodstock has the right person advocating for its interests.

R. Stelford noted the position of City Hall custodian was previously removed with that function being performed by the Public Works Department.

Administrative Adjudication

Mayor Sager stated it is important to note that this program is a challenge and while it is a goal to cover all costs, this is not expected. R. Stelford stated this program is in line with Council's philosophy of attaining code compliance rather than assessing fines.

Finance Department

No discussion

Audit

Mayor Sager noted this is the second year of the new budget format stating he appreciates the work staff has done to create this revised document. He stated this new format does incorporate the things required by GFOA and is in line with those requirements. P. Christensen stated the GFOA did award the City for its new format and that the City also received a new, never before received, award for the PAFR.

Wireless Alarm System

Mayor Sager noted this is a service the City provides to its businesses. R. Stelford noted the major change in this line item is that the operating revenue from this program will be used to help offset the costs to the Police Department, which was always the intent. In response to a question from Council, R. Stelford stated businesses are paying the City \$90 per month for this service, while it would cost between \$120 and \$130 from a private provider. He also noted that prices charged by private providers have increased due to the cost of copper while the City has not raised its cost to the businesses since program inception. In response to a question from M. Turner concerning whether all businesses must participate in the program, R. Stelford noted which businesses must participate is determined by building codes. A discussion followed of the value of this program to the businesses and how the cost to the businesses is determined.

Human Resources

D. Schober noted one of the Performance Measures indicated in the Budget document, the Workmen's Compensation Claims Modifier, must be removed as it is not measured by McMRMA.

Health/Life Insurance

In response to a request from M. Turner, City Staff indicated Council would be provided with a comparison of health insurance costs, by tier, with previous years.

R. Stelford stated the City Administration has made several changes to control costs, including several as far as claims costs. A discussion followed regarding the implementation by employers of Health Savings Accounts.

Liability Insurance

In response to a question from Council concerning the increase in this item, R. Stelford noted this fund is a debit/credit formula based on the City's losses and the losses of its peers, as the City is a participant in this through McMRMA. P. Christensen also noted this includes funds put into the account for unemployment compensation resulting from the Dispatch Consolidation.

Building and Zoning

Mayor Sager noted Council has already discussed the personnel adjustment proposed for this Department. He noted the organization must look at the big picture when long-term employees leave to see how the function can be managed and applauded staff for coming up with this plan.

Public Works Departments and Funds

Administration – J. Van Landuyt noted there have been many staff changes during this past year with the hiring of a new Assistant Director, the move of the current Office Manager to the Office of the City Manager and the hiring of a new Office Manager, and the exit of the Streets/Fleet Superintendent. He stated it has been determined to once again split the Streets and Fleet Superintendent functions between two separate positions, with this costing no additional money. He explained the reasoning behind this proposed modification.

Streets – Noting the many discussions which have taken place during the past year, Mayor Sager stated the City has created a Pavement Management Task Force to look at new technology, funding alternatives, and collaborative efforts to address the City's need for street improvements. He stated this group will forward a report to Council with their findings and suggestions.

In response to a question from M. Turner concerning the apparent reduction in spending for streets, R. Stelford stated this is a reporting function as these expenditures have been transferred from the MFT Fund to the City's General – CIP Fund. He noted this frees the City to make choices in how to get the most for its dollars.

M. Turner requested that Council be provided with specific information as to how the City has stretched funds to maximize street improvements and also asked that the Task Force look at how the City could further stretch these dollars.

Fleet Maintenance – Mayor Sager noted City Staff does a remarkable job in maintenance of equipment to get longer than the anticipated life out of it.

Parks – Mayor Sager noted while there are still many demands for park amenities, this fund has been depleted as a result of limited residential growth. He noted he has received requests for inclusion of a skate park in a City park. He also stated there has been some discussion about inclusion of a performance venue at Emricson Park. He noted neither of these projects have been included in the budget.

Utility Revenues – P. Christensen noted these are still down, which seems to be a result of a decline in usage. He stated the City has continued to experience cool, wet summers and industries continue to evolve using less water. He noted the budget as presented proposes a 5% increase. He stated the City is currently ranked second to the bottom in what is charged for water and will continue in that position with the proposed increase. He stated there will be a deficit in this fund, which will be acceptable as a large bond will be rolling off at the end of the fiscal year.

In response to a question from M. Turner concerning the need for an increase, P. Christensen stated the City has been deferring projects and improvements due to a lack of funds. A discussion followed of the condition and capacity of the City's Water Treatment and Wastewater Treatment plants. Mayor Sager urged Council to be careful, noting in a previous situation Council did not raise rates on a regular basis and had to implement a large increase in order to catch up and be able to maintain the system. He opined that a series of small increases would be more acceptable than one large increase.

P. Christensen stated the fund balances are on the low side and from a financial standpoint should be larger. In response to a request from M. Turner to explain this, R. Stelford stated the rule of thumb is to have a 90- to 120-day reserve in order to deal with an emergency and absorb changes. He noted this gives the City more time, which results in good decisions. P. Christensen stated the cash balance is probably \$50,000, with the rest being receivables.

In response to a question from Council, J. Van Landuyt noted the City has been conducting a leak detection program to determine where water is being lost, stating it did not show any significant loss.

In response to a question from M. Larson, P. Christensen stated water meters are being switched out neighborhood by neighborhood, with J. Van Landuyt noting approximately 400 per year are being switched. He further noted that approximately 70% of the City's meters have been switched.

In response to further questioning concerning the need for an increase, P. Christensen stated the pipes are underground and cannot be seen but need work. J. Van Landuyt stated, in addition, the City has had to shift and delay needed projects to complete a more urgent project at the water treatment plant because funding was not available for all needed projects. He noted he could easily put a \$90,000 infrastructure project together if funds were available, including the replacement of some water mains.

Mayor Sager stated the Council has noted many times that property taxes have not been increased, but the City is reaching the point of no return for some needs and must look at other opportunities to support those needs.

J. Starzynski noted the City is really behind on roads and he would hate to be in the same position with the City's water facilities.

It was the consensus of Council to leave the proposed water rate increase at 5% as proposed.

Recreation Department/Aquatic Center/Recreation Center

RB Thompson noted the Recreation Center now has 1,200 members and saw 60,000 visits in FY15/16.

Mayor Sager wished to note his gratitude to all directors and employees for the exceptional job they do in making things work throughout the City. He stated the number of complaints or concerns he receives from residents is next to zero. He also stated he hears great comments about the Recreation offerings. M. Larson noted she also hears good comments.

In response to a question from RB Thompson, Dave Zinnen noted attendance has been down at the Aquatic Center for the last three years because of cool, wet weather.

In response to further questioning from RB Thompson, R. Stelford stated the Recreation Center uses a custodial service. D. Zinnen further stated there is a person who comes in to do the skilled work on the machines.

In response to a question from M. Larson concerning providing the City Scene electronically, D. Zinnen stated that there is a very positive reaction when the brochure is received by the public. He stated people are used to having the brochure in their hands. In addition, he stated, this is a very large document to provide on line.

In response to a question from M. Turner, D. Zinnen stated there is advertising sold for the inside front and back covers. He stated that past Councils were opposed to placing advertising in the City Scene. M. Turner noted that additional advertising could be used to offset the cost of production and mailing of the document. In response to a comment from Mayor Sager noting the time-consuming nature of advertising sales, Mr. Zinnen stated Cheryl Wormley sells the advertising for which she gets 30%. He stated this works best as the Recreation Department already solicits Recreation Program sponsorships. He indicated his agreement with including more advertising in the City Scene under the current arrangement. Mayor Sager stated his belief that the public enjoys looking at the hard copy of the City Scene and expressed his support for additional advertising in the form of a center insert. Discussion followed of this with the consensus of Council being that they are supportive of additional advertising but will leave this up to staff.

M. Larson offered the assistance of Promote Woodstock, Inc. in the layout of the City Scene.

NISRA

Mayor Sager noted this program is of great benefit to a number of our residents.

Community Events

Noting a reduction in funding, RB Thompson asked about the Sister Cities Program stating he has heard the City no longer has a Sister City. Mayor Sager stated this is incorrect. He noted the program has not been as active recently due to the elections that are going on there precluding visits by officials.

M. Larson noted the success of the Coffee at the Café Program for the seniors at a minimal cost.

Economic Development

Mayor Sager noted the exceptional effort on behalf of the municipality to get this department up and running with the hiring of two strong economic development professionals.

R. Stelford noted the City has a number of strong Economic Development efforts in the works with a discussion ensuing regarding these various opportunities.

Revolving Loan Fund

R. Stelford noted this has been extremely successful and well received. He stated there are additional businesses interested in taking advantage of this program, so much so that it may be necessary to transfer additional funds into this account.

Police Department

R. Stelford stated the Administration is recommending an increase of one patrol officer. He noted this position is not being recommended for 100% funding because the new individual cannot be brought on until July. Once the new officer completes training, an officer will be assigned to the Drug Enforcement Task Force, which will provide some revenue. He noted the officer assigned to the Task Force probably will not be the new officer.

Discussion followed of the effect Home Rule will have on the police hiring process. RB Thompson opined that more female officers should be hired. Mayor Sager stated whether the City is Home Rule or not, there are still processes and procedures which must be followed regarding police hiring and which may or may not support Mr. Thompson's suggestion.

D. Hart asked if any thought has been given to adding another Deputy Chief position. D. Schober noted this position was in the budget at one time but has been removed. R. Stelford stated this is a very expensive position to fill noting Chief Lowen and Deputy Chief Lieb have done an excellent job working with the sergeants.

M. Turner noted perhaps another officer could be added from the increased revenue resulting from the Special Census.

Opera House

Mayor Sager noted there are a lot of new groups expressing interest in the Opera House and staff has done a good job in bringing in other productions.

RB Thompson commended J. Scharres on the new perimeter lighting. He stated he gets many questions as to why the lighting cannot be left on year round. J. Scharres opined this would make Christmas less special, noting the City plans quite an annual celebration around the Lighting of the Square. He stated it is possible to light the Square in segments should an event held on Main Street, for example, request this. Mayor Sager expressed agreement with Mr. Scharres' statement, with other Council members expressing their opinions that the lighting should be reserved for the Christmas holiday season.

In response to a question from J. Starzynski, D. Campbell stated approximately 20% of main stage ticketed revenue came from for-profit businesses. J. Scharres noted the vast majority of rentals are from not-for profits, with many involving the community theater.

Mayor Sager thanked the Opera House staff for their oversight of other events, particularly the City Band Concerts.

Library

N. Weber noted this year the library is celebrating its 125th anniversary, stating he and staff appreciate the Council's support for their activities.

In response to a question from RB Thompson, Mr. Weber noted most of the roof leaks have been repaired with a problem with one drain still being addressed.

Mayor Sager stated there is wide usage of the public library, noting at one time it was opined that library usage would decrease with the rise of technology. He stated, rather, the library has embraced technology and has flourished. He commended the library staff for the services they provide to all.

In response to a question from J. Starzynski, Mr. Weber noted the changes in the capital outlay items from last year are a result of combining two line items into one.

Library Building Fund

R.Stelford stated this fund has also been negatively impacted by a decline in development.

Social Security Fund

No discussion

IMRF

No discussion

MFT

Mayor Sager noted one thing City representatives tried to promote while in Springfield was the automatic payout of the City's MFT appropriation, stating this is also being promoted by the IML. He stated this proposal has received lukewarm support.

Paratransit

RB Thompson noted the new shelters around town which are very visible.

Debt Service/Library Debt Service

RB Thompson requested a spreadsheet showing when the City's bonds will be retired so that Council could better plan, perhaps having additional funds for projects. It was the consensus of Council they would like to see this.

M. Larson requested the numbers concerning how Home Rule would affect the cost of bonds. P. Christensen stated he will research and analyze this and provide the information requested.

Discussion followed of bonding rates and refunding and of the various bonds that will be paid in the next few years and the financial impact this will have.

TIF

In response to a question from Mayor Sager, R. Stelford stated \$165,000 has been included in the FY16/17 Budget under Streetscape Improvements for improvements to the stone façade surrounding the Park in the Square.

In response to a question from J. Starzynski, P. Christensen stated the \$20,000 allocated for a study on the Old Courthouse is the Artspace Study for which the City is receiving \$20,000 in grant funding.

In response to a question from M. Larson concerning whether the roundabout should be budgeted for in this fund, P. Christensen stated there are many projects in line for funding through the TIF so it would be more appropriate to fund the roundabout through the CIP out of the General Fund.

Environmental Management Fund

Mayor Sager asked for Council's consideration of funding the Reusable Bag Initiative out of this Fund.

He reminded those present that the Environmental Commission and the Cultural and Social Awareness Commission have been working on this project and of the proclamation recently passed in support of the reusable bag initiative. As part of the project, it is proposed to purchase 15,000 reusable bags, which would

provide one to each household and additional which could be purchased. These bags would be sturdy, washable, canvas bags and would be specific to Woodstock. He stated there also would be an educational component, including a brochure, which would encourage the use of the bags. He stated the total cost of the bags would be \$45,000 at \$3.00 per bag, leaving \$3,000 for the brochure. Mayor Sager stated this cost could be reimbursed through sponsorships and program fees. He noted the program fees would be enacted after the City attains Home Rule status and would be similar to the Aldi bag program. He stated, as envisioned, the program would provide for a charge to be made for bags purchased on a visit to the retailer with one-half of this fee going to the retailer and one-half to the City. He noted the final details of the program fees component would have to be developed, but stated this is how funds would be generated.

In response to a question from RB Thompson, Mayor Sager stated nothing would preclude retailers from having their own reusable bags.

Mayor Sager noted the funds are available for this program in the Environmental Management Fund and would be reimbursed eventually.

Discussion followed of the reusable bag program and the marketing efforts that would be implemented to educate the public.

RB Thompson commended Mayor Sager for his leadership in development of this program.

Mayor Sager likened this program to the City's efforts in becoming the first in the state to offer curbside recycling, noting he would like Woodstock to be the first to have a Reusable Bag Program. He stated it is hoped to roll the bags out in October.

It was the consensus of the City Council to create a new line item in the amount of \$48,000 within the Environmental Management Fund to fund the Reusable Bag Initiative.

General Fund – CIP

In response to a question from M. Saladin, R. Stelford stated this does not include the information from the Pavement Management Task Force, noting an additional report will be coming from them. Mr. Stelford stated the funds allocated for cracksealing in the MFT line item have been doubled.

Hotel/Motel Tax

A brief discussion occurred concerning the acquisition of the Challenger Learning Center by Aurora University.

J. Starzynski left the Chambers at 6:30PM.

Supplemental Information

Addendum A – Glossary of Terms

No discussion

Addendum B – Debt Analysis

In response to a question from RB Thompson, P. Christensen detailed how the figures provided in Addendum B –Debt Analysis were arrived at.

Addendum C – Financial Policies

No discussion

ADDITIONAL DISCUSSION

Mayor Sager stated Council has now reviewed the entirety of the budget document. He reminded Council of its discussion at a previous Council Workshop of designating video gaming revenue for public purposes. Mayor Sager then presented a proposal which would designate this revenue for Quality of Life issues and Economic Development initiatives to include \$100,000 for Promote Woodstock, Inc., the City's portion of the costs involved with the Enterprise Zone, funding for the Summer in the Park festival, the Sister City Program, Holiday Lighting, and a Hotel/Motel Tax supplement.

Discussion followed of the Mayor's proposal, with it being noted these funds would help various aspects of the community.

It was the consensus of the City Council to move forward with the development of Mayor Sager's proposal and bring it to Council for consideration at a future date.

CONCLUSION

R. Stelford noted the budget will be presented at the next City Council meeting with the only change to be a new line item to increase expenditures in the Environmental Management Fund by \$48,000 for the reusable bag initiative, with staff developing an estimate of revenues.

ADJOURN

Motion by M. Turner, second by M. Saladin to adjourn this special City Council Workshop to the next regular meeting to be held on Tuesday, April 19, 2016, at 7:00PM in the Council Chambers at City Hall.

Ayes: D. Hart, M. Larson, M. Saladin, RB Thompson, M. Turner, and Mayor Sager. Nays: none.

Abstentions: none. Absentees: J. Starzynski. Motion carried. Meeting adjourned at 6:44PM.

Respectfully submitted,

Cindy Smiley,
City Clerk