



WHEATON CITY COUNCIL BUDGET WORKSHOP SESSION MINUTES

MAYOR MICHAEL J. GRESK

COUNCILMAN MICHAEL BARBIER | COUNCILWOMAN SUZANNE FITCH | COUNCILMAN JOHN PRENDIVILLE

COUNCILMAN JOHN RUTLEDGE | COUNCILMAN TODD SCALZO | COUNCILMAN PHILIP SUESS

WHEATON CITY HALL, COUNCIL CHAMBERS, 303 W WESLEY STREET, WHEATON, ILLINOIS 60187

Saturday, November 10, 2018

1. Call to Order

The Wheaton City Council Budget Workshop Session was called to order at 9:06 am by Mayor Gresk. The following were:

Physically Present: Mayor Michael J. Gresk
Councilwoman Fitch
Councilman Prendiville (arrived at 9:23 am)
Councilman Rutledge
Councilman Scalzo

Absent: Councilman Barbier
Councilman Suess

City Staff Present: Michael G. Dzugan, City Manager
John M. Duguay, Assistant City Manager
Robert R. Lehnhardt, Finance Director
Police Chief William Murphy
Fire Chief William Schultz
Department Heads
Public Works Superintendents

I. Budget Overview

City Manager Dzugan indicated this is the first CY2019 budget workshop, to be followed by workshops on November 12 and November 17 with a public hearing on December 10 and formal consideration of the budget at the December 17 Council meeting. City Manager Dzugan stated this is the second budget that has been prepared this year and thanked all the departments for their work, with special thanks to Finance Department personnel. He indicated the Council would not review the tax levies at this meeting, but would instead discuss them at the November 12 budget workshop. City Manager Dzugan advised the City has not received any objections to proposed Special Service Area #8 and this was the last day to file such an objection.

City Manager Dzugan provided an overview of significant elements of the budget. He stated the proposed budget is a "status quo" budget with no new programs, services or revenues being proposed. He indicated the City has 231 full-time employees, and non-union employee base salaries are budgeted for a 2% increase with union salaries based on contractual obligations. He stated police and fire pensions increased by only \$54,000, IMRF pension decreased 25%, but health insurance costs increased by \$500,000. City Manager Dzugan advised the budget includes a reallocation of personnel resources with a focus on traffic enforcement and development of a stronger data approach.

In response to Councilman Rutledge, City Manager Dzugan confirmed the two additional police officers have already been hired and are going through the academy. Police Chief Murphy indicated he has moved two officers into traffic enforcement preemptively, and they will return to patrol when the new hires have completed their training. City Manager Dzugan stated that even with the new hires, the City remains at the low end of sworn officers per capita compared to other comparable communities.

City Manager Dzugan also stated he wants to make data a cornerstone of the City. He stated IT will work with the City departments to focus on data management, data analytics and data visualization, an approach driven not only by staff but by the public. He feels this presents an opportunity to become more efficient and effective in delivering City services.

City Manager Dzugan stated staff targeted a 3.3% increase in the 2019 budget. He stated a 4.2% increase has been budgeted for the General Fund, which is about \$330,000 over target. City Manager Dzugan said the largest increase is a 10% increase in health insurance costs, with additional increases of \$155,000 in DuComm expenses, a new \$75,000 fee to participate the County DuJIS program and an \$80,000 investment fee.

Regarding revenues, City Manager Dzugan stated City General Fund revenues comprise of property taxes, utility taxes, local sales tax, real estate transfer fees and income taxes. With the City's policy of revenue being 40% of operating expenditures, the projected Fund balance of \$18.9MM is approximately \$2.4MM over the policy.

Regarding expenditures, City Manager Dzugan stated a 2% increase in operating expenses has been projected. He stated the gap between revenue and expenditures will move closer and overlap in 2021 and 2022. In response to Councilman Rutledge, City Manager Dzugan replied one of the greater risks to the City's General Fund revenue is reductions in money received from the state.

City Manager Dzugan stated the Water Fund's revenue is from water rates charged to residents and has a healthy fund balance. Likewise, the Sanitary Sewer Fund's revenue is from rates charged to residents and also has a healthy fund balance. However, significant capital projects are anticipated in the future, so carrying a larger balance now is not unreasonable. In discussing the Storm Sewer Fund, City Manager Dzugan stated the fund balance of \$348,000 is over by approximately \$20,000 which is not enough for any major stormwater projects. He stated funding future stormwater projects will need to be reviewed further. With regard to the Parking Fund, he confirmed it has a healthy fund balance, although a plan to address operating expenses and revenues will need to be done in late 2019 or early 2020 which will allow the City time to review the impact from the new parking payment system.

City Manager Dzugan reported that funding for capital projects comes from revenue over operating expense, state motor fuel tax, federal and state project funding, the capital projects fund and the 2018 bond issue for non-TIF related projects in the downtown area.

II. Review of Calendar Year 2019 Draft Budget

Finance Director Lehnhardt discussed revenues and expenditures for CY2019. He stated that revenues are projected to be \$100.5MM and expenditures projected at \$101.3MM, resulting in a planned deficit of \$800,000. The budget overall with the majority of the major funds are in a good position with this budget and for the next year or two. He has budgeted \$18.3MM for infrastructure improvements in the CY2019 budget. Director Lehnhardt stated that taxes make up 35% of total revenue, with charges for services at approximately 24% of revenues. He stated intergovernmental revenue, revenue from the state, approximates 14.2% of total revenue in all funds.

Director Lehnhardt stated the General Fund achieves the Council's strategic priority of financial stability. He stated the largest revenue source for the General Fund is taxes (property taxes, utility taxes, local sales taxes, real estate transfer taxes) of \$22.7MM or 53.3%; the second largest revenue source is intergovernmental revenues of \$12.9MM or 30%, and the third largest source of revenue is charges for services at \$4MM or 9.3% of total revenues. Director Lehnhardt stated growth in local sales tax and income tax will reduce the burden on the property tax levy.

Director Lehnhardt stated the majority of all fund expenditures are related to personnel services and employee benefits at \$32.2MM or 32% of total expenditures throughout all funds. The second largest expenditure is charges for services at \$23.8MM and the third largest expenditure for all funds is for capital improvements at \$18.3MM or 18% of the total budget.

Councilwoman Fitch questioned what steps the City could take to reduce the cost of health care. City Manager Dzugan stated that other than looking at other sources for health care, there is not too much the City can do as the City's rate is related to past experience. Director of Human Resources Schulz stated the City did not have as favorable of a renewal this year but hopes that the ability to change health plan design, a result of recently bargained collective bargaining agreements, may help. Councilwoman Fitch asked if a comparison with private sector costs has been or could be done. Director Schulz stated staff would review surveys that have been conducted, as well as other municipal comparables. City Manager Dzugan indicated due to union contracts, the City does not have as much flexibility as private companies to make changes to benefits. He stated the City would need to hire a consultant to determine if the City is getting the most benefit from the health care pool the City participates in and if that is the most cost-effective approach to provide health care. Councilwoman Fitch stated that 30% of full-time people do not have health insurance and she would like to see a comparison between what is happening in the private sector compared to government. City Manager Dzugan stated staff could provide surveys to the Council.

III. Downtown Wheaton Association

Ms. Paula Barrington, Executive Director, provided an overview of the DWA's 2019 promotional plan and budget. She discussed the new businesses that have or will soon be opening and the various events the DWA conducts throughout the year, as well as some proposed new events. She indicated commercial vacancy is at 7% now, but they are seeing a lot of interest.

Ms. Barrington stated DWA's total income is projected to be \$225,500 in 2019, which comes from membership dues, SSA #8/TIF#2 funding and event revenues. She indicated their three revenue generating events are the winter and summer wine walks, as well as the Chili cook-off. She indicated marketing is one of their largest expenditures.

Councilman Prendiville asked if there were any other events they could do with a larger budget. Ms. Barrington stated their calendar is currently pretty full with an event almost every month, but would like to look at expanding marketing opportunities. She said an option could be partnering with the Wheaton Park District or the Library. Councilman Prendiville feels the DWA has been doing a fantastic job and the downtown benefits greatly with all the events.

City Manager Dzugan stated the DWA budget is increasing to \$250,000 from \$220,000. In response to Councilwoman Fitch, Ms. Barrington stated the additional funding is needed for increases in the Christmas events, 2019 marketing and salary increases. Councilman Prendiville feels it is appropriate to increase the DWA funding.

II. Review of Calendar Year 2019 Draft Budget

a. Police Department

i. General Fund

Police Chief Murphy reported 2018 accomplishments include bringing internal training up to state statutory standards, as well as joining a multi-agency task force which allows for the sharing of resources with 19 other DuPage communities and access to a canine and other services. He indicated 2019 goals include improving roadway safety with enforcement of the 25-mph residential plan and a plan to conduct joint training with the Fire Department and Homeland Security for a rescue taskforce active shooter scenario at Wheaton North High School.

Councilman Prendiville questioned how many times a year the department would want to work with a canine. Chief Murphy stated there are many opportunities to utilize canines on a regular basis such as responding to alarm calls, clearing buildings, traffic stops where they can detect narcotics, missing people searches or tracking suspects. He said they average a request for canine assistance about once a month. With regard to traffic enforcement, Chief Murphy reported four individuals are doing 25-mph enforcement with a 50/50 split between tickets and warnings. In response to Councilman Rutledge, Chief Murphy stated the City receives a small amount of any fines imposed with the rest going to the County and the state.

Director Lehnhardt referred the Council to Page 125 of the draft budget which indicates a budget for all divisions of \$663,000 or an overall increase of 4.5%, with a \$245,000 increase in pension costs and a \$193,000 increase for contractual services for DuComm and DuJIS.

ii. Parking Fund

1. Parking Support and Enforcement

Director Lehnhardt referred the Council to Page 322 of the draft budget which shows a budget increase of \$16,000.

2. Parking CBD Enforcement

Director Lehnhardt indicated this budget can be found on Page 324 of the draft budget and the overall budget of \$52,000 includes filling a vacant parking enforcement officer position in CY2019.

b. Fire Department

i. General Fund

Fire Chief Schultz reported that 2018 accomplishments include the replacement of the tower ladder truck and a successful collective bargaining unit contract negotiations. He indicated 2019 goals include the complete conversion of their incident reporting system to a cloud-based system and utilizing field tablets for inspections, as well as relocating the Jefferson School warning siren for severe weather notifications to City property at the Manchester water tower.

In response to Councilman Rutledge, Chief Schultz stated the formation of an emergency management volunteer group is still in the infancy stage, but he hopes to establish a group of community volunteers to assist with support functions during emergencies. Chief Schultz stated he is not looking for this group to be a CERT team like what exists at Milton Township.

Director Lehnhardt referred the Council to Page 147 of the draft budget and stated a major part of the department's \$490,000 budget increase is for personnel services and employee benefits.

ii. Foreign Fire Insurance Tax Fund

Director Lehnhardt stated this budget can be found on Page 224 and stated revenues and expenditures in this fund are defined and governed by state statute.

iii. Capital Equipment Replacement Fund

Director Lehnhardt referenced Page 351 of the draft budget showing \$31,000 has been budgeted for the relocation of the Jefferson School warning siren.

c. General Fund – Wireless Alarm Network

Director Lehnhardt stated the 7.6% increase of \$17,000 is mainly due to a new agreement the City has with the Village of Winfield to reimburse fees the City collects on their behalf. He stated this program generates revenue of about \$645,000 and after expenditures, realizes \$401,000 in revenue.

d. Debt Service Fund

Director Lehnhardt stated that the City has four bonds outstanding. He explained the \$200,000 reduction is part of the abatement of the tax levy for debt service. In response to Council questions, he stated the City paid off the 2003A bond issue in 2018 and the library bond will be paid off in 2023.

e. Fire Pension Fund

Director Lehnhardt stated the trust fund the City is required to maintain is governed and defined by state statute. He stated retirees receive a 3% compounded interest increase January 1 of each year.

f. Police Pension Fund

Director Lehnhardt stated this fund is also governed by state statute and expenditures in this fund have increased 23% due to the retirement of nine police officers.

IV. Public Comment

None.

V. Council Questions/Comments

None.

VI. Adjournment

The Budget Workshop was adjourned at 10:43 a.m.

cc: Mayor and City Council
City Manager
City Clerk
Department Heads