

## Committee-of-the-Whole Minutes

Tuesday, October 23, 2012

---

- PRESENT:** His Honor Mayor Don Welvaert, *Chair*  
Alderman John Knaack (*Ward 1*)  
Alderman David Parker, Jr. (*Ward 2*)  
Alderman Scott Raes, (*Ward 3*)  
Alderman Ted Ronk (*Ward 4*)  
Alderman Lori Turner (*Ward 5*)  
Alderman Kevin Schoonmaker (*Ward 6*)  
Alderman Sean Liddell (*Ward 7*)  
Alderman Stephanie Acri (*At-Large*)
- STAFF:** Lew Steinbrecher, City Administrator  
Amy Keys, Deputy City Attorney  
Kathy Carr, Finance Director  
Tracy Koranda, City Clerk  
Ray Forsythe, Planning & Economic Development Director  
Alison Fleming, Human Resources Manager  
Laura Duran, Parks Recreation Director  
Bryon Lear, Library Coordinator  
Kim Hankins, Interim Public Safety Director  
Todd Allen, Fire Battalion Chief  
Scott Hinton, City Engineer  
Jeff Anderson, City Planner  
Mike Waldron, Public Works Director  
Nate Scott, IT Manager  
Doug House, Municipal Services General Manager  
Rich Westmoreland, Municipal Services Operations Manager  
Rodd Schick, Parks Operations Manager  
Greg Swanson, Utilities General Manager  
Keith Verbeke, Finance Manager  
Pat Burke, Economic Development Manager
- OTHERS:** Members of the Press

Mayor Welvaert called the meeting to order at 6:00 p.m. in Council Chambers.

### Work Session

Mayor Welvaert reminded those in attendance that the meeting is a work session and that comments would not be heard by the public until the time designated for the public to address the Council during the public hearing for the proposed TIF districts and at end of the Council Meeting.

Lew Steinbrecher, City Administrator, made an introductory statement.

Kathleen Carr, Finance Director, gave an overview of the attached presentation.

Mayor Welvaert recessed the Committee-of-the-Whole meeting at 6:45 p.m. in order to conduct a public hearing and reconvened at 7:22 p.m.

Council reviewed the budget document by fund with the following topics discussed:

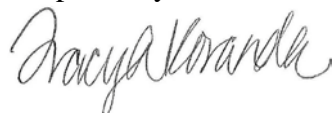
"Hit" List	Cost	"Wish" List	Cost
National League of Cities Membership	\$ 4,000	Mayor's Salary Increase	\$ 5,000
National League of Cities Travel	\$ 1,500		
Strategic Planning	\$ 15,000		
Video Gaming General Fund	\$ 67,500*	Video Gaming Parks CIP	\$ 67,500*
* Half of revenues collected will be allocated to Parks CIP up to \$100,000. (The current budgeted amount in 2013 is \$135,000.)		* Half of revenues collected will be allocated to Parks CIP up to \$100,000. (The current budgeted amount in 2013 is \$135,000.)	

**Budget Items**

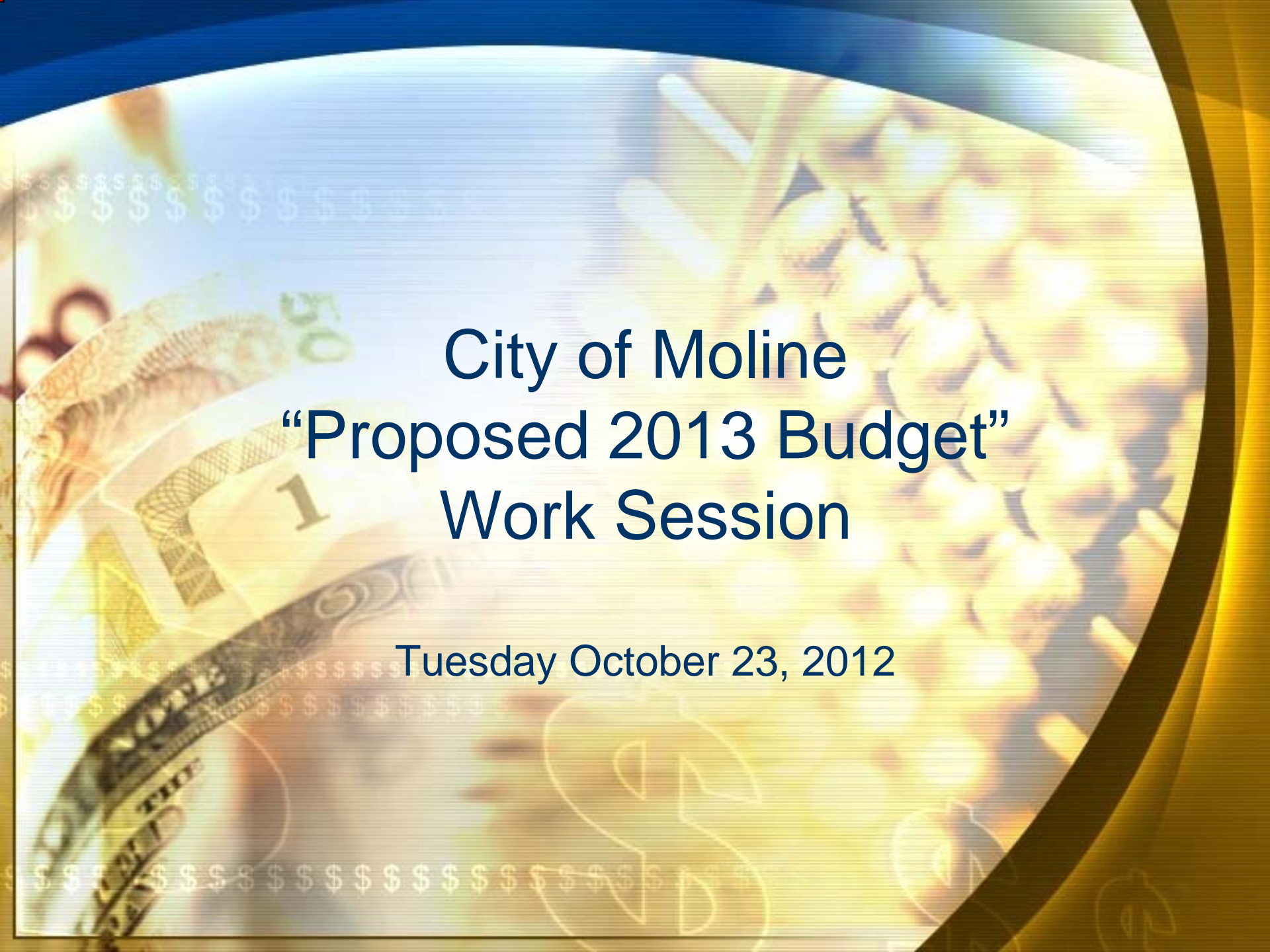
1. A motion was made by Alderman Ronk, seconded by Alderman Turner to eliminate the National League of Cities Membership and annual travel in the amount of \$5500 in order to pay for an increase in the Mayor's salary by \$5000. The salary increase would take effect upon the next term of the Mayor. Motion carried with Alderman Raes abstaining due to his candidacy for Mayor.
2. A motion was made by Alderman Schoonmaker, seconded by Alderman Knaack, to eliminate strategic planning in the amount of \$15,000. Alderman Acri, seconded by Alderman Ronk, made a motion to amend the previous motion to continue with strategic planning for 2013, but have the planning session cover a two year period of time. Motion to amend carried with Alderman Liddell voting nay. Motion to approve amended motion carried with Alderman Liddell voting nay.
3. A motion was made by Alderman Knaack, seconded by Alderman Ronk, to use half of the budgeted revenues in the General Fund from Video Gaming up to \$100,000 for Parks CIP with General Fund Contingency funds used as replacement. Motion carried unanimously.
4. A motion was made by Alderman Liddell, seconded by Alderman Ronk to approve the Sanitation Fee Increase of \$1.05 per month. Motion carried unanimously.
5. A motion was made by Alderman Turner, seconded by Alderman Knaack to approve the 2012 property tax levy of \$14,684,000.00, Special Service Area #5 property tax levy of \$80,400.00, and the Special Service Area #6 property tax levy of \$225,000.00. Motion carried unanimously.
6. A motion was made by Alderman Raes, seconded by Alderman Knaack to approve the 2013 budget as amended. Motion carried unanimously.

Meeting adjourned at 7:53 p.m.

Respectfully submitted,



Tracy A. Koranda  
City Clerk



**City of Moline  
“Proposed 2013 Budget”  
Work Session**

**Tuesday October 23, 2012**

# Challenges over the past decade

- ✘ Significant declines in major revenues such as income and sale taxes
- ✘ Expenditures increasing at a higher rate than revenues
- ✘ Reduction in state shared revenues
- ✘ Delayed payments from the state (income tax)
- ✘ Uncontrollable increases in pension costs
- ✘ Increase in Property Tax Exemptions
- ✘ New Fees Mandated by the State
- ✘ Significant increases in road salt and fuel (natural gas/gasoline)
- ✘ Deteriorating Infrastructure/Deferred Maintenance
- ✘ Aging Workforce (OPEB)
- ✘ Major Flood/Wind/Snow Events
- ✘ Increases in Minimum Wage



# Past Action Plans

- Hiring Freezes
- GWI eliminated in 2012
- Furlough Days
- 25% reduction in professional development
- Tuition reimbursements eliminated
- Implemented New Utility Tax
- Implemented New Food and Beverage Tax
- Implemented a Sanitation User Fee
- 33 fewer positions in 2013 than in 2008
- 13 positions downgraded since 2008

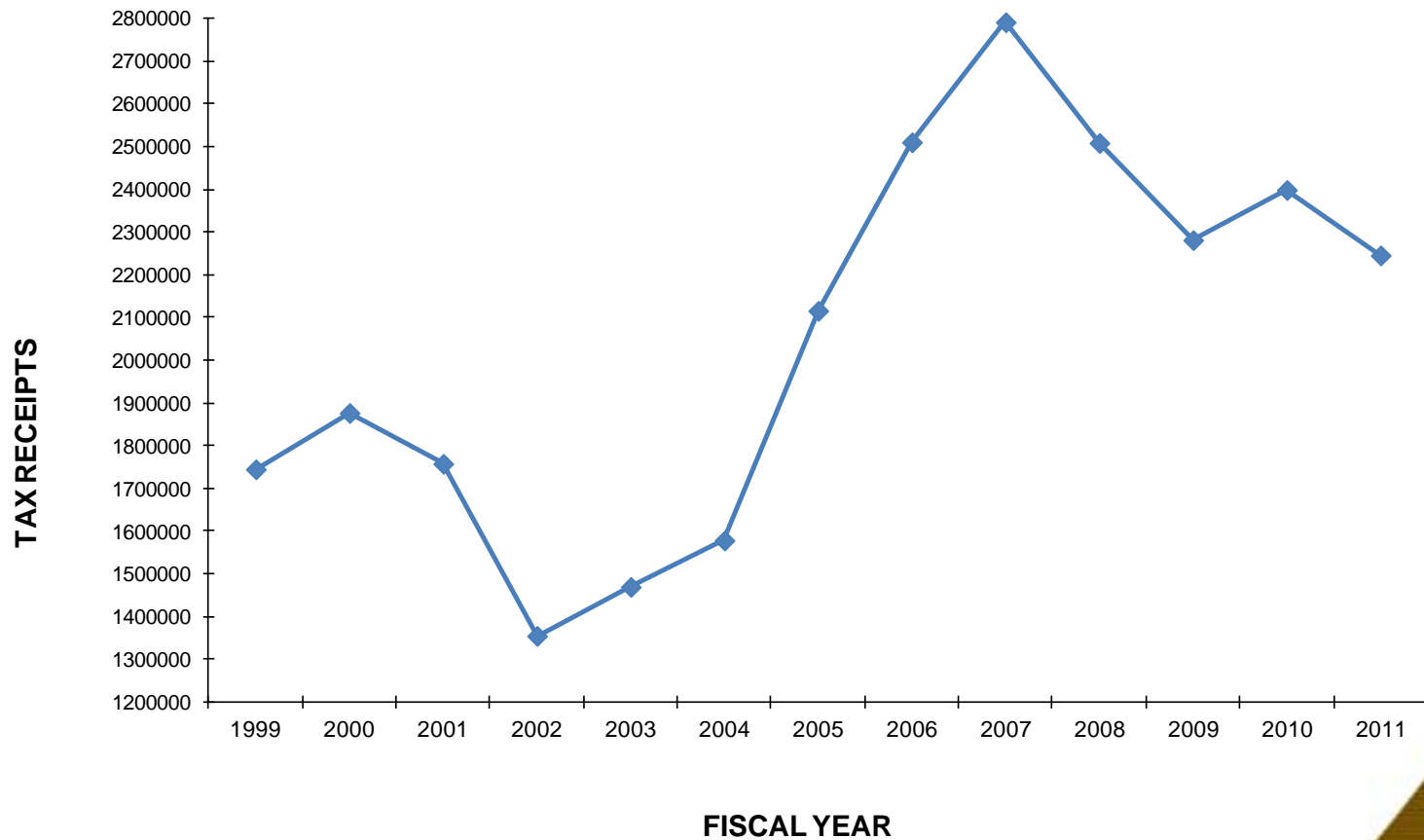
# Past Action Plans

- Bi-Annual License and Fee Reviews
- Performed Operational and Efficiency Reviews
- Implemented departmental reorganizations
- Increased home rule sales and food & beverage taxes
- Downsized municipal fleet

# 2013 Budget Development

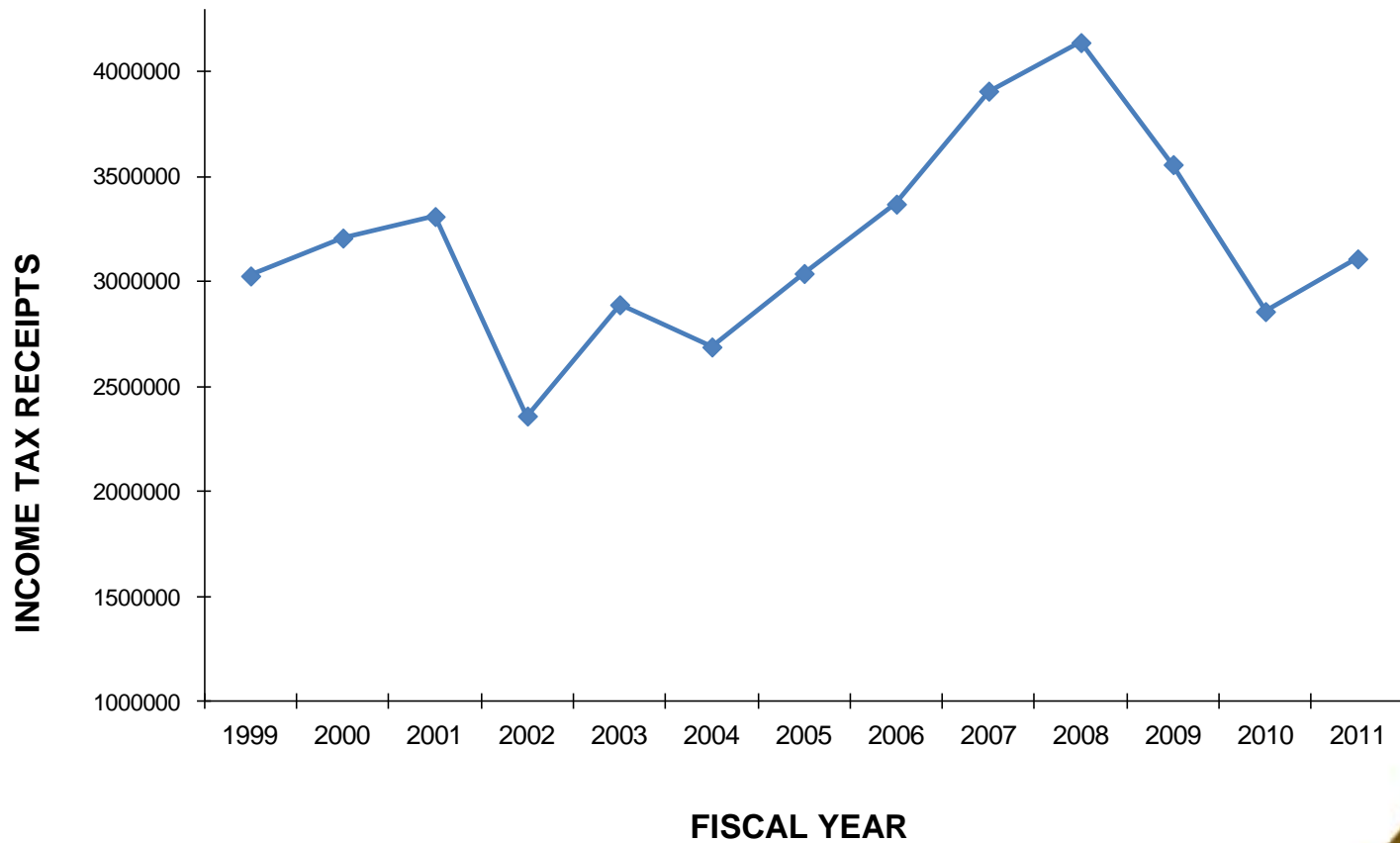
- Budget Instructions to Departments in June 2012
- Budget Submissions due end of July 2012
- No expanded level requests accepted
- Department Reviews held to address projected deficits
- Budget Work Session with Council 10/23/12
- Property Tax Public Hearing 11/13/12 (only if needed)
- Property Tax Levy Approval 11/20/12
- Budget Public Hearing 12/04/12
- Budget Adoption 12/11/12

# Corporate Replacement Tax

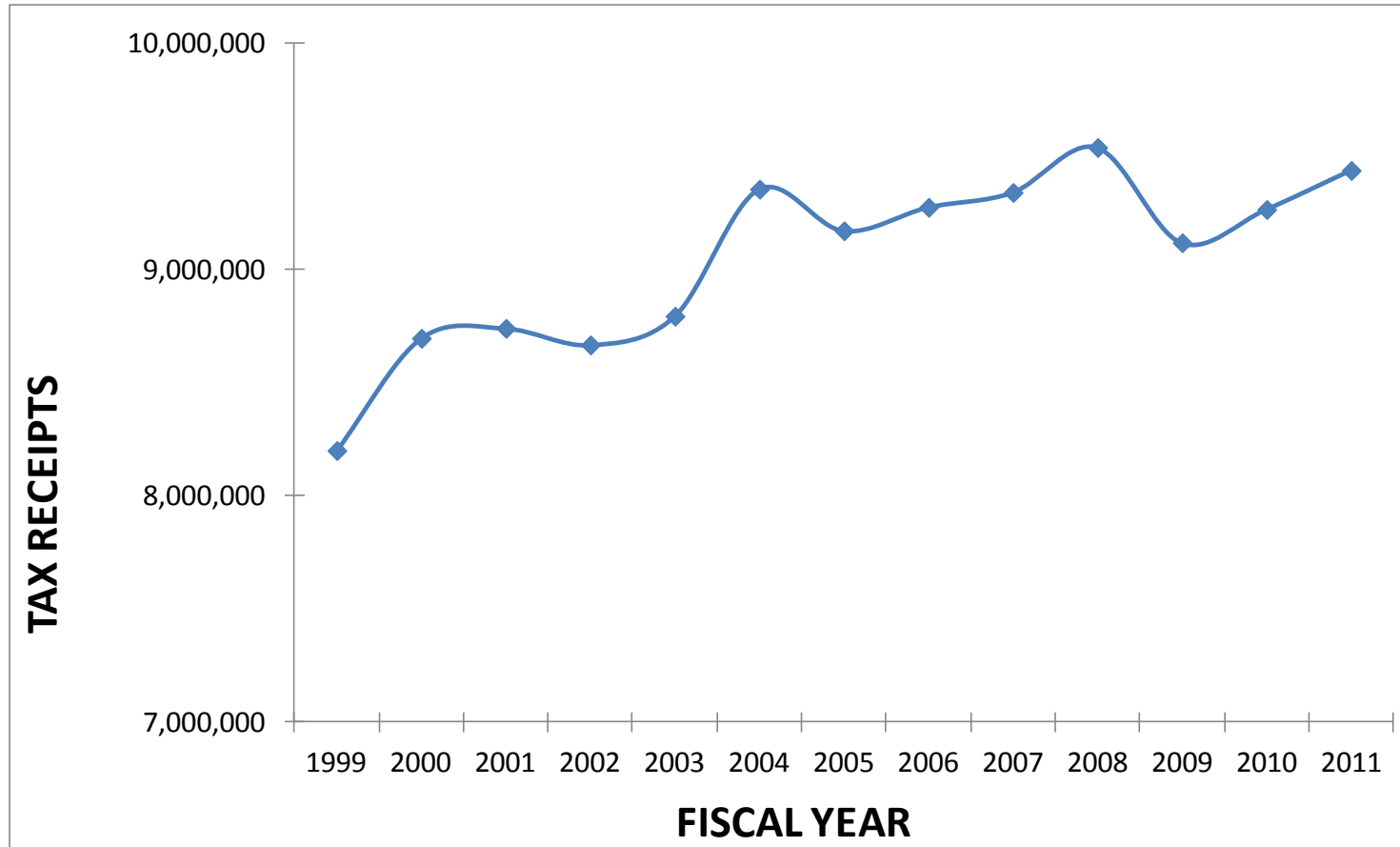




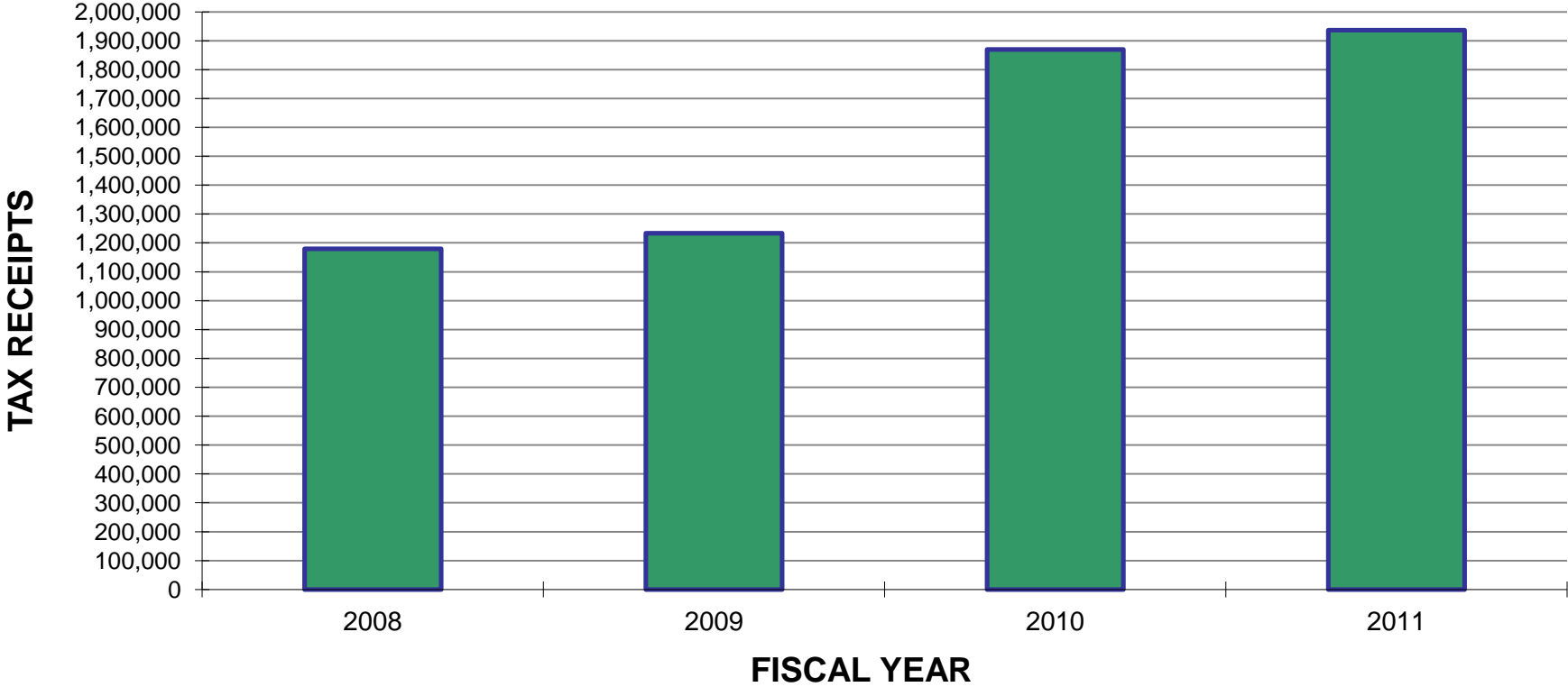
# Income Tax



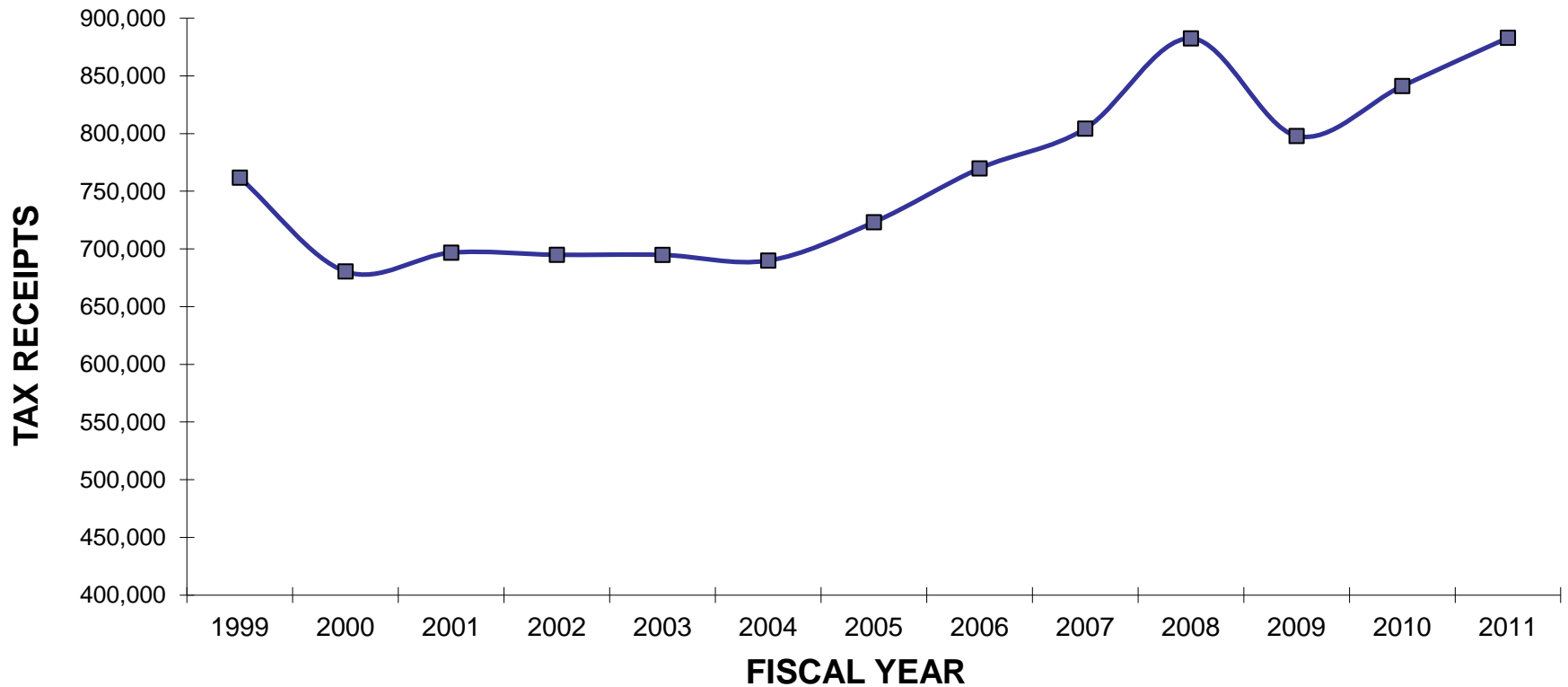
# Sales Tax



# Food & Beverage Tax



# Hotel/Motel Occupational Tax



# Moline Pension Plans

The City of Moline participates in three defined benefit plans:

- IMRF
- Police
- Firefighters



# How are Moline Pensions Funded?

- There are three sources of funding
  - Member Contributions
  - Employer Contributions (property tax)
  - Investment Income
- Since member contributions are fixed by statute and investment income varies based upon market returns, employer contributions need to fund the balance and thus are variable.

# Significance of Unfunded Liabilities

The following are some of the possible reasons for the existence of an unfunded liability:

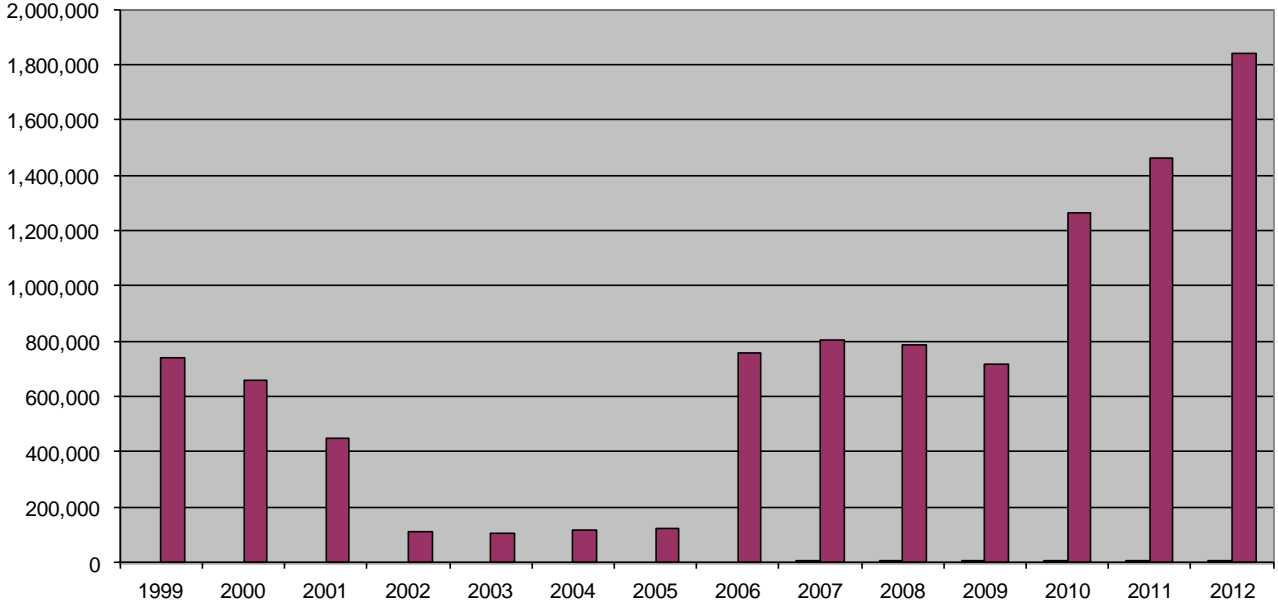
- Annual contributions to the plan being less than the amount required for the actuarial funding method used by the plan.
- Benefit Improvements
- Experience under the plan is less favorable than assumed under the actuarial assumptions

# Investment Returns

	<u>2009</u>	<u>2010</u>	<u>2011</u>
• IMRF	24.3%	13.4%	-0.5%
• Firefighters'	2.28%	8.16%	2.43%
• Police	4.71%	9.23%	2.40%

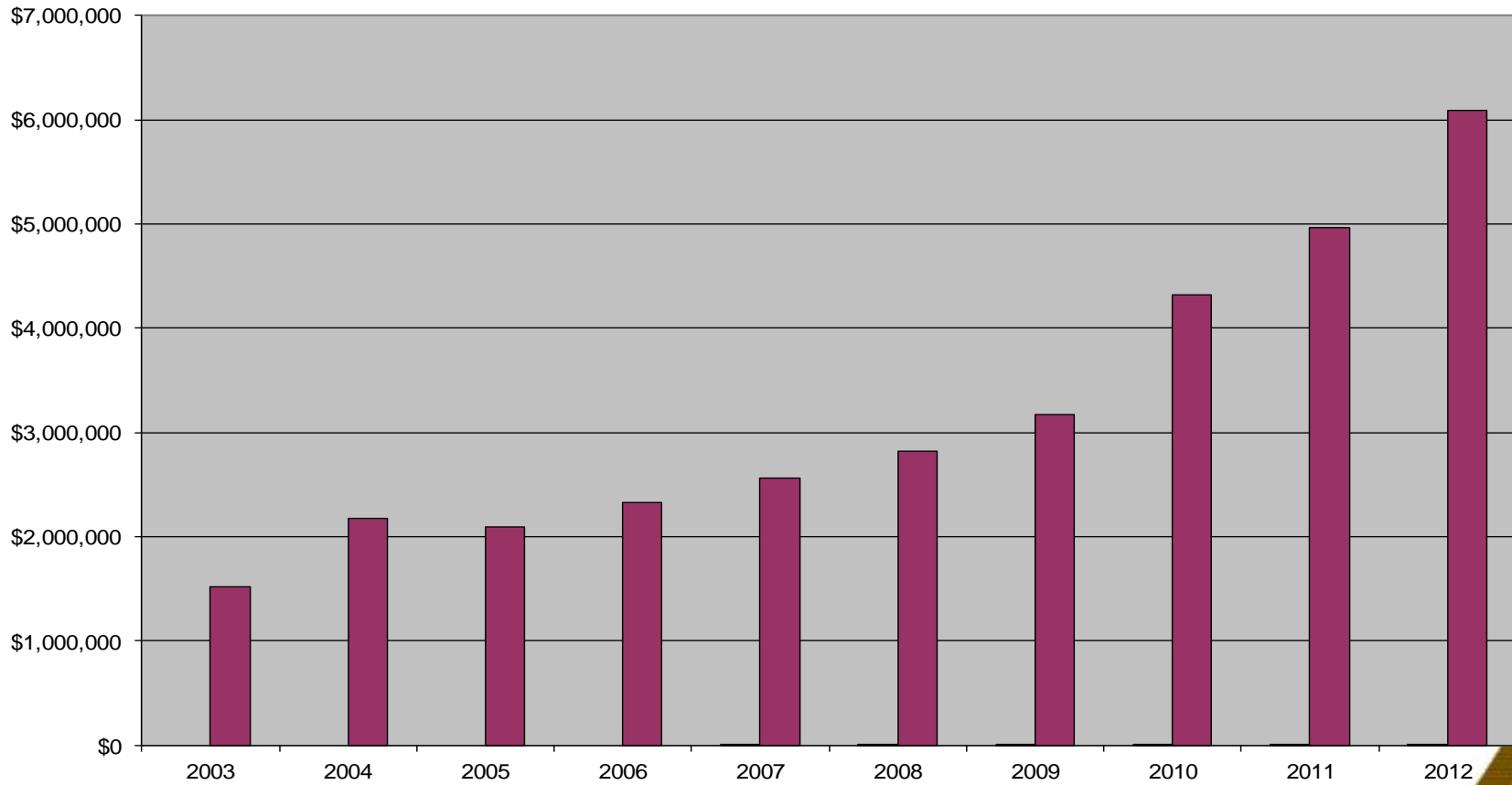
This contrasts with an expected actuarial assumed return of 7.5% for each of the three pension plans.

# IMRF Employer Contributions



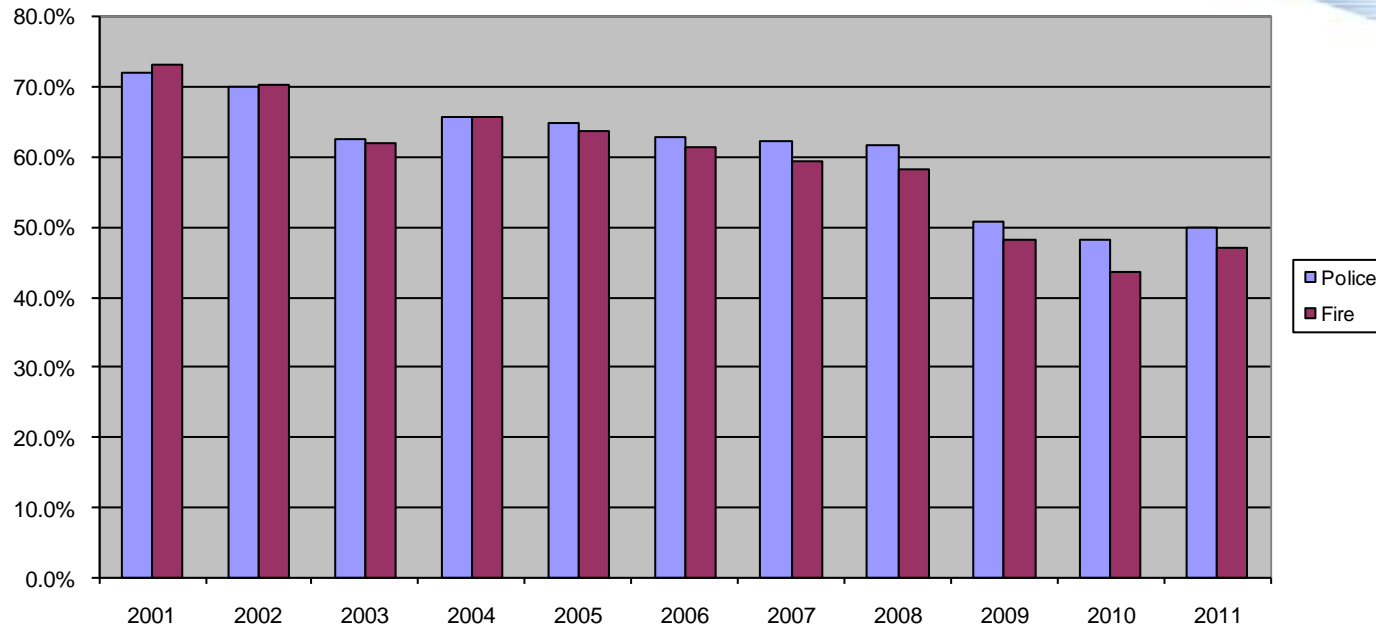
City Contributions to the IMRF pension plan were \$1,430,231 for 2011. Moline was over funded in 2002 - 2005 and only paid the death and disability portion of the pension contribution rate (0.96-0.99%). The 2012 rate is 11.75% and the 2013 rate will increase to 12.48%.

## Police and Fire Pensions City Contributions



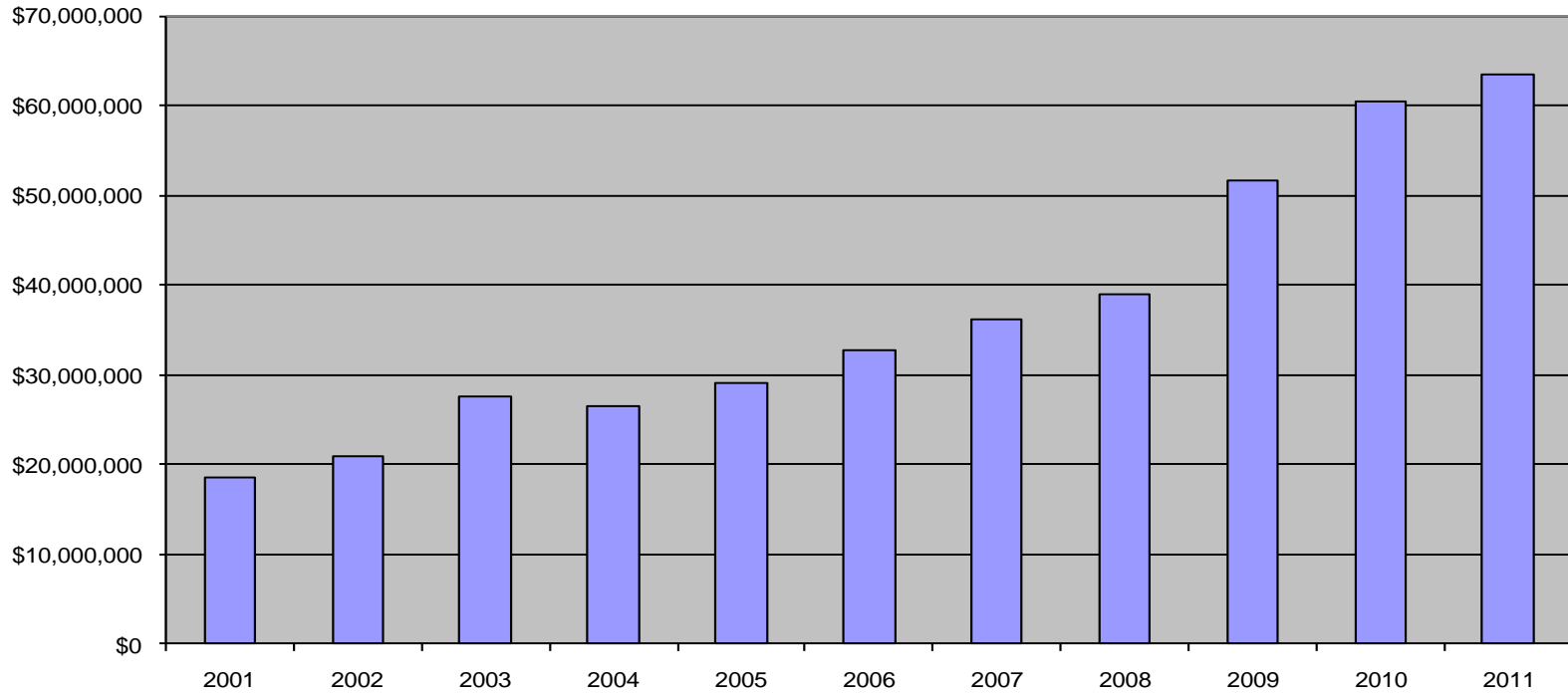


### Police and Fire Pensions Percent Funded



The Fire Pension fund was funded at 82.4% in 2000. For 2012 it has dropped to 42.86%. In 2000 the Police Pension Fund was 81.4% funded and it is now at 49.25% funded. IMRF was 100% in 2005 and is now at 77.06% funded.

## Unfunded Liability Police and Fire Pensions

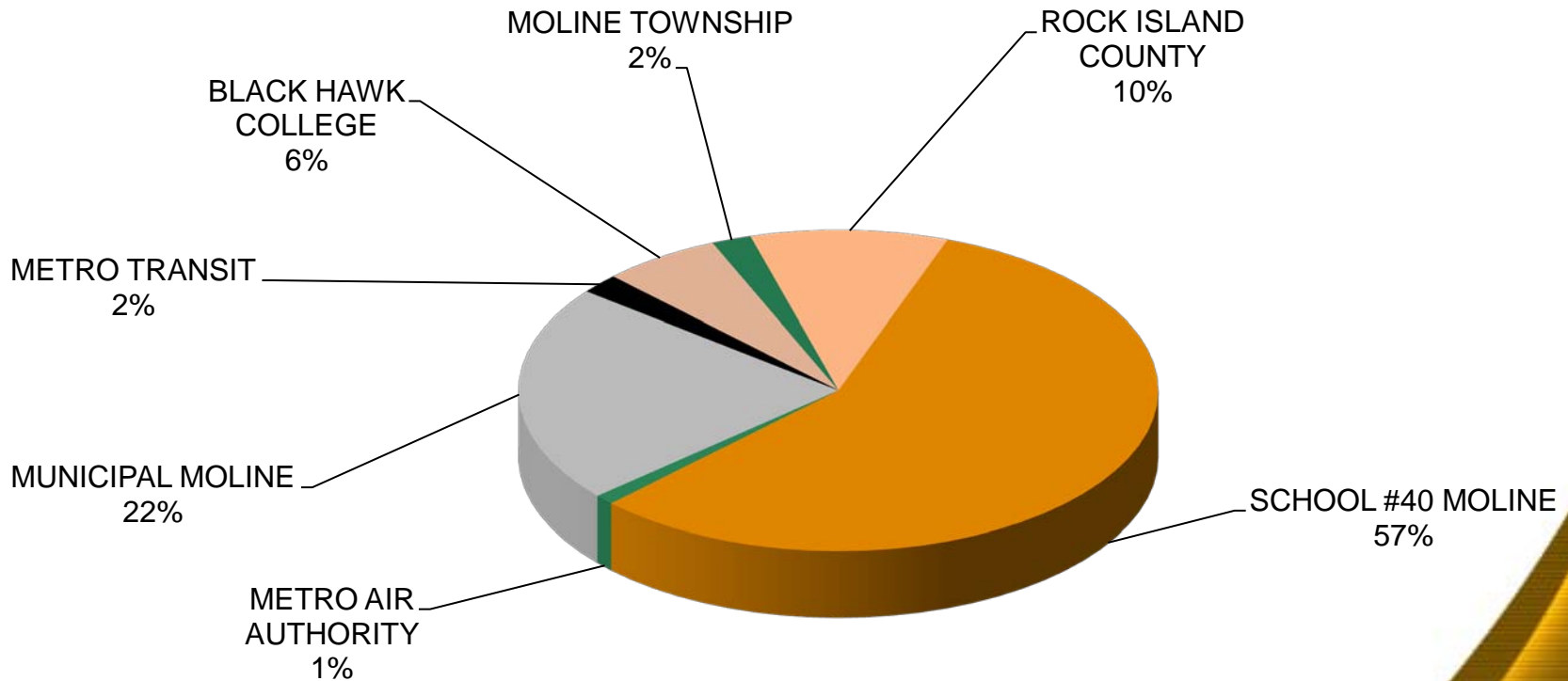


This chart shows the level of unfunded liability over a ten year period for both funds. In 2012 the total for both funds exceeds \$69 million.

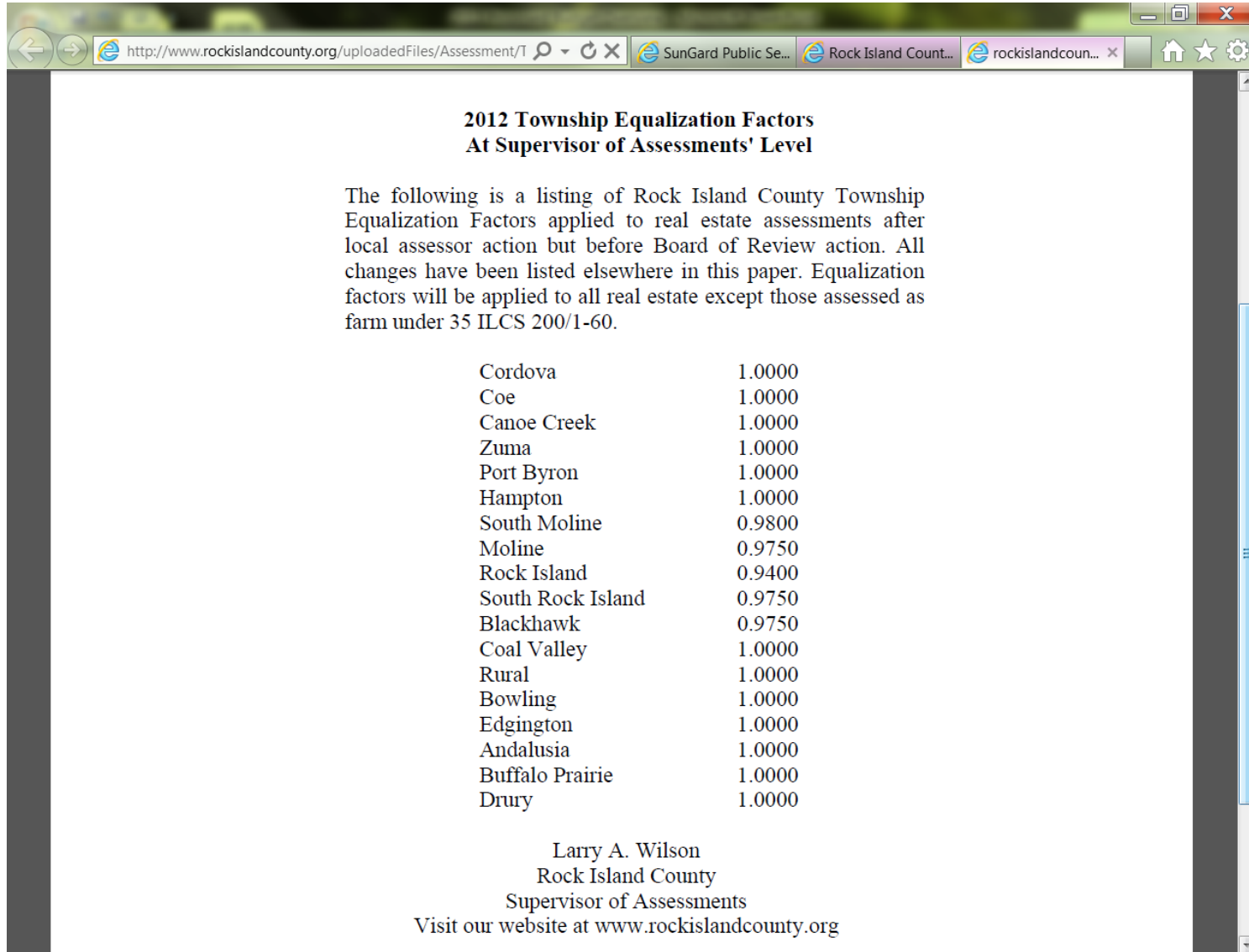
# Property Tax Levy Process

- In September the County Provides the Tentative Taxable Equalized Assessed Value (the value of taxable property equal to one third of its market value as established by the township assessors)
- City Determines the Levy (total dollar amount of tax to be imposed by the City)
- Tax Rate determined by the County  
(EAV divided by the Levy)

# Percent of Total Taxes Extended by Type of Taxing District



# Rock Island County Township Equalization Factors



The screenshot shows a web browser window with the address bar containing the URL: <http://www.rockislandcounty.org/uploadedFiles/Assessment/T>. The page title is "2012 Township Equalization Factors At Supervisor of Assessments' Level". The main content is a list of townships and their equalization factors, followed by the name and title of the Supervisor of Assessments, and a website URL.

**2012 Township Equalization Factors  
At Supervisor of Assessments' Level**

The following is a listing of Rock Island County Township Equalization Factors applied to real estate assessments after local assessor action but before Board of Review action. All changes have been listed elsewhere in this paper. Equalization factors will be applied to all real estate except those assessed as farm under 35 ILCS 200/1-60.

Cordova	1.0000
Coe	1.0000
Canoe Creek	1.0000
Zuma	1.0000
Port Byron	1.0000
Hampton	1.0000
South Moline	0.9800
Moline	0.9750
Rock Island	0.9400
South Rock Island	0.9750
Blackhawk	0.9750
Coal Valley	1.0000
Rural	1.0000
Bowling	1.0000
Edgington	1.0000
Andalusia	1.0000
Buffalo Prairie	1.0000
Drury	1.0000

Larry A. Wilson  
Rock Island County  
Supervisor of Assessments  
Visit our website at [www.rockislandcounty.org](http://www.rockislandcounty.org)



# 2012 Property Tax Rate Comparison

	Municipal Only	Total
• Rock Island	\$2.4084	\$9.6067
• East Moline	\$2.1118	\$9.6203
• Moline	\$1.9744	\$8.9165

Above rates are per \$100 of Equalized Assessed Value. A home valued at \$100,000 would pay:

• Rock Island	\$802.79	\$3,202.23
• East Moline	\$703.93	\$3,206.77
• Moline	\$658.13	\$2,972.14

# Property Tax Assumption

- Total 2012 Property Tax Levy Proposed for the 2012 Budget is \$14,684,000 – the same as the 2011 Levy
- Actuarial Report for Police and Firefighters' Pension Funds:

<u>Levy</u>	<u>Police</u>	<u>Firefighters'</u>
State Statute (PUC Method)	\$2,334,881	\$2,249,257
Recommended (EAN Method)	\$2,964,364	\$3,279,523
2013 Budget/Levy Recommendation	\$2,964,364	\$3,279,523

# Recommended 2012 Property Tax Levy

<b>ASSESSMENT YEAR</b>	<b>2011</b>	<b>2012</b>
<b>COLLECTION YEAR</b>	<b>2012</b>	<b>2013</b>
<b>ASSESSED VALUATION</b>	<b>\$742,933,207</b>	<b>\$727,611,389</b>
<b>CORPORATE</b>	\$0	\$0
<b>IMRF</b>	\$1,747,486	\$1,824,680
<b>FIRE PENSION</b>	\$3,007,810	\$3,279,525
<b>POLICE PENSION</b>	\$3,076,829	\$2,964,365
<b>LIBRARY</b>	\$2,670,610	\$2,670,610
<b>PARK</b>	\$2,612,265	\$2,612,265
<b>SOCIAL SECURITY</b>	\$1,344,000	\$1,332,555
<b>SANITATION</b>	\$225,000	\$0
<b>TOTALS</b>	<b>\$14,684,000</b>	<b>\$14,684,000</b>

# Special Service Area Property Tax Levies

- **Bass Street Landing** **\$ 80,400**

budget starts on page 159

- **Downtown** **\$225,000**

budget starts on page 162

# Adopting the Tax Levy Ordinance

TRUTH IN TAXATION



NOT LESS THAN 20 DAYS PRIOR to adoption of the Levy Ordinance:

1. Determine the amount of money estimated to be necessary to be raised by taxation;
2. Compare the estimate for the current year with the final aggregate levy EXTENDED for the preceding year; and
3. Is current year MORE THAN 105% of preceding year?

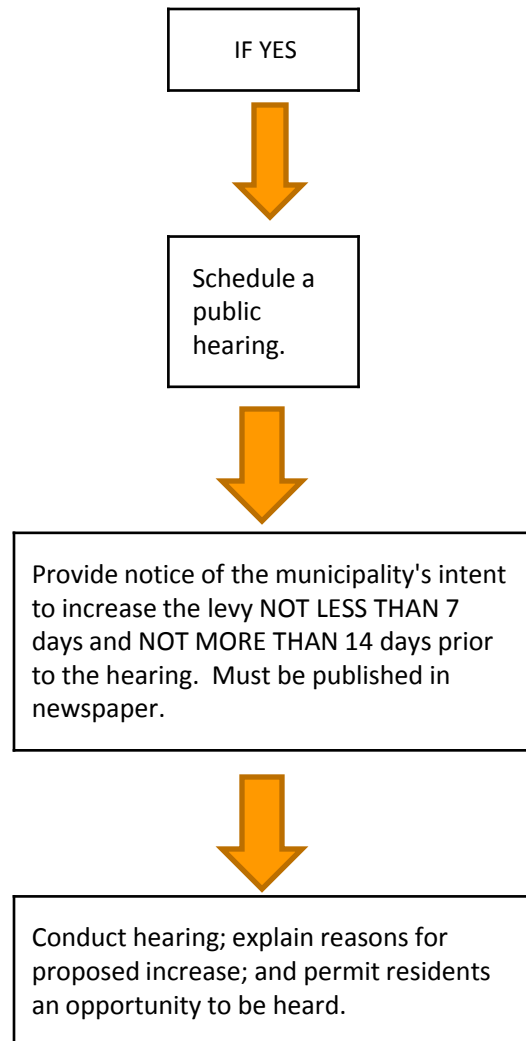
# Adopting the Tax Levy Ordinance

IF NO



Pass an Ordinance and file it with the County Clerk **NO LATER THAN** the last Tuesday in December.

# Adopting the Tax Levy Ordinance





# Property Tax Deadlines

- First Reading Ordinance 11/13/12
- Second Reading Ordinance 11/20/12
- File Levy with County 12/21/12
- Note: if levy is more than \$15,418,200, we would be required to hold a Public hearing on 11/13/12 with the notice published on October 31st.

# 2013 Sanitation Recommendation

General Fund subsidy of \$685,505 in 2013.

This leaves an operational deficit of \$187,495 to be covered by a \$1.05 per month fee increase (from \$7.56 to \$8.61 per month).

# Costs of Private Haulers

- Although the City has not requested proposals from private haulers to provide sanitation services, here is what residents in other cities are paying to a private hauler for trash removal (includes curbside recycling):
  - Coal Valley \$12.50 per month
  - Yorkville \$21.50 per month
  - Decatur \$14.50 per month
  - Lisle \$21.32 per month
  - Geneseo \$13.50 per month

# Moline Sanitation Fund

- The City of Moline has been tracking the cost to provide sanitation services in a separate fund for several years now. The fund does have various funding sources however in 2012 property taxes and the General Fund provided 32% toward the funding of the cost to provide the service.
- One of the City Council's goals for 2012-2013 is to consider a user fee for full cost recovery to make the Sanitation Fund a true Enterprise Fund.
- In governmental accounting, funds that provide goods or services to the public for a fee and operated in a manner similar to private business is called an Enterprise Fund.

# Full Cost Recovery Option

The 2011 budget included a property tax levy of \$1,341,690 and a partial user fee of \$4.56 per month (\$2.56 for recycling and a new \$2.00 trash removal fee).

In 2012, the Property Tax allocation for Sanitation services was drastically decreased to \$225,000. Therefore the user fee was increased to \$7.56 per month along with a General Fund Subsidy of \$496,875.

Based on the 2013 Sanitation Budget of \$2,443,165, implementation of full cost recovery would increase the fee from \$7.56 to \$12.41 per month (an increase of \$4.85).

Continue to move toward making the Sanitation Fund a self-sustaining fully-funded enterprise fund in the 2014 and beyond budgets.

# Budget Approval Schedule

- Special Budget Meeting 10/23/12
- Deliver Display Ad to Newspaper 11/07/12
- Public Hearing Notice Appears in Newspaper 11/17/12
- Public Hearing 12/04/12
- First Reading Appropriation Ordinance 12/04/12
- Second Reading Appropriation Ordinance 12/11/12
- Budget Resolution Adoption 12/11/12

The 2013 proposed budget for the city's 45 individual funds is \$130,711,935. This includes twelve operating funds.

General	\$42,303,695
Library	\$ 3,001,045
Parks	\$ 3,997,015
Sanitation	\$ 2,443,165
3 Utilities	\$ 20,631,775
4 Internal Services	\$ 16,903,500



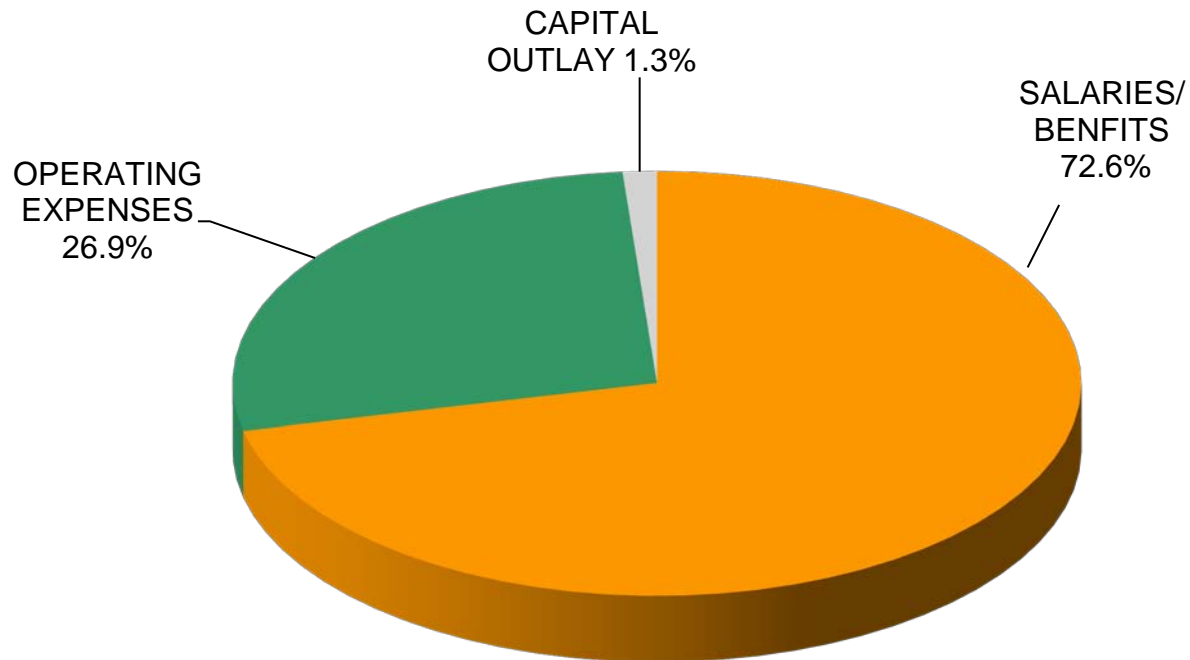
# Proposed Expenditures at a Glance

	2013 Budget		2012 Budget		% Change
	Amount	Percentage	Amount	Percentage	
<b>Personnel Costs</b>	\$49,522,270	38%	\$47,488,710	39%	4%
<b>Services</b>	\$41,067,850	31%	\$32,176,670	27%	28%
<b>Supplies</b>	\$4,609,745	4%	\$4,099,530	3%	12%
<b>Capital Outlay</b>	\$12,538,010	10%	\$13,050,850	11%	-4%
<b>Interfund Transfers</b>	\$13,148,430	10%	\$14,999,980	12%	-12%
<b>Debt Service</b>	\$9,825,630	8%	\$9,130,700	8%	8%
<b>Total</b>	<u>\$130,711,935</u>	100%	<u>\$120,946,440</u>	100%	8.1%

# Proposed Revenues at a Glance

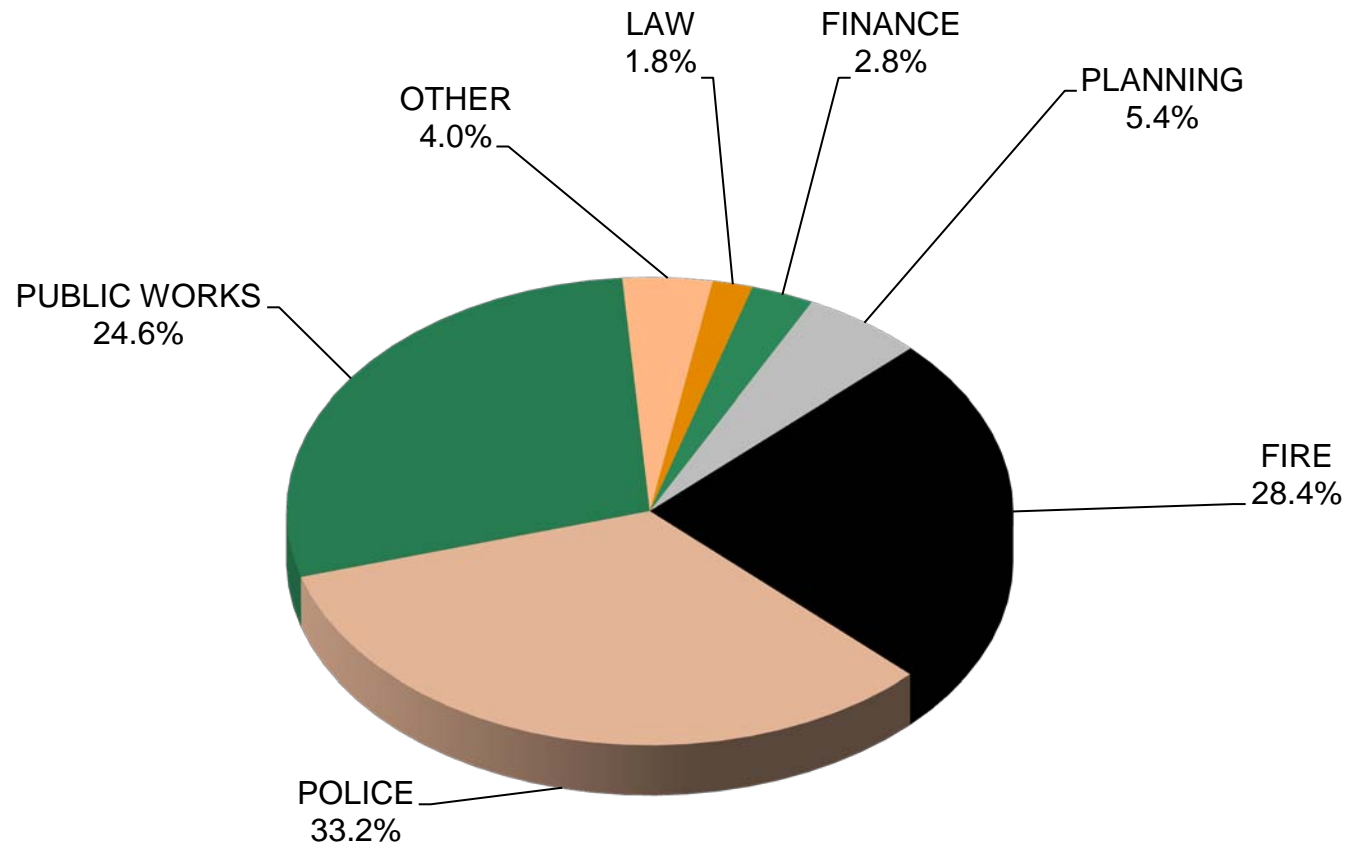
	2013 Revenue		2012 Revenue		% Change
	Amount	Percentage	Amount	Percentage	
Taxes	\$53,099,620	41%	\$51,831,765	43%	2%
License/Permits	\$967,600	1%	\$748,800	1%	29%
Intergovernmental	\$5,399,870	4%	\$6,028,550	5%	-10%
Charges for Service	\$37,095,570	28%	\$34,628,080	29%	7%
Fines	\$645,000	0%	\$653,500	1%	-1%
Use of Money/Property	\$11,314,400	9%	\$9,918,340	8%	14%
Other Sources	\$10,593,960	8%	\$11,489,830	9%	-8%
Reserves	\$11,596,265	9%	\$5,647,575	5%	105%
Total	<u>\$130,712,285</u>	100%	<u>\$120,946,440</u>	100%	8%

# Proposed 2013 General Fund Budget Summary



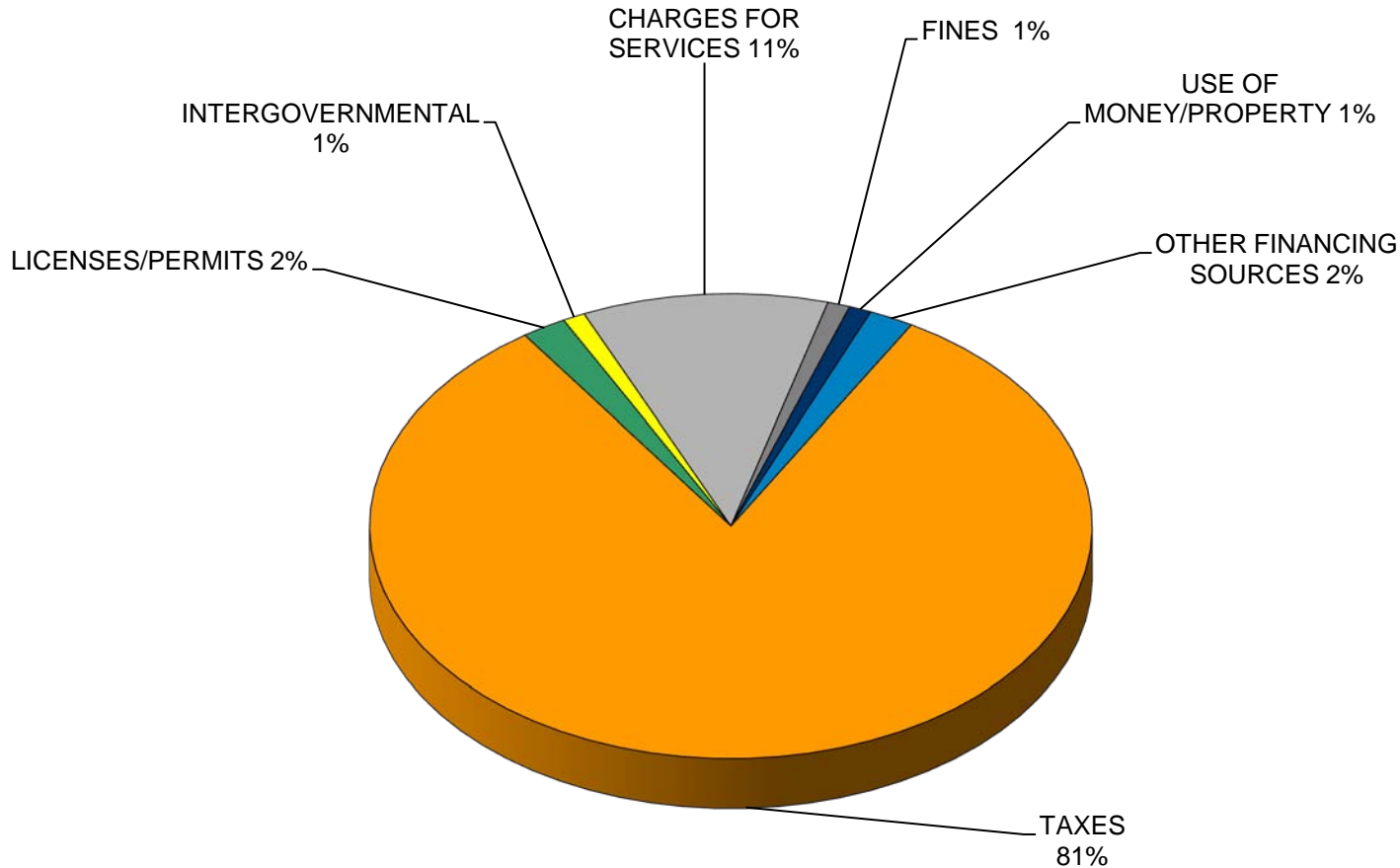
**TOTAL: \$42,303,695**

# Proposed 2013 General Fund Departmental Budget Summary



**TOTAL EXPENDITURES: \$42,303,695**

# 2013 General Fund Funding Sources



**TOTAL FUNDING SOURCES: \$42,303,695**

# Recommendations

- Approve Property Tax Levy \$ 14,684,000
- Approve Property Tax Levy SSA#5 \$ 80,400
- Approve Property Tax Levy SSA#6 \$ 225,000
  
- Adopt 2013 Balance Budget ~~\$130,711,935~~  
with SSA Olde Towne removed \$130,666,605

