

City of Rochelle

2019 Budget Workshop

November 20, 2018



Mission/Vision Statement

Mission Statement

The City of Rochelle is committed to providing fiscally responsible, high quality, responsive services to our community.

Vision Statement

Rochelle is a growing, progressive Midwestern community, where high speed information technology, superior transportation systems, and excellent City services provide our citizens and businesses with every opportunity for success.

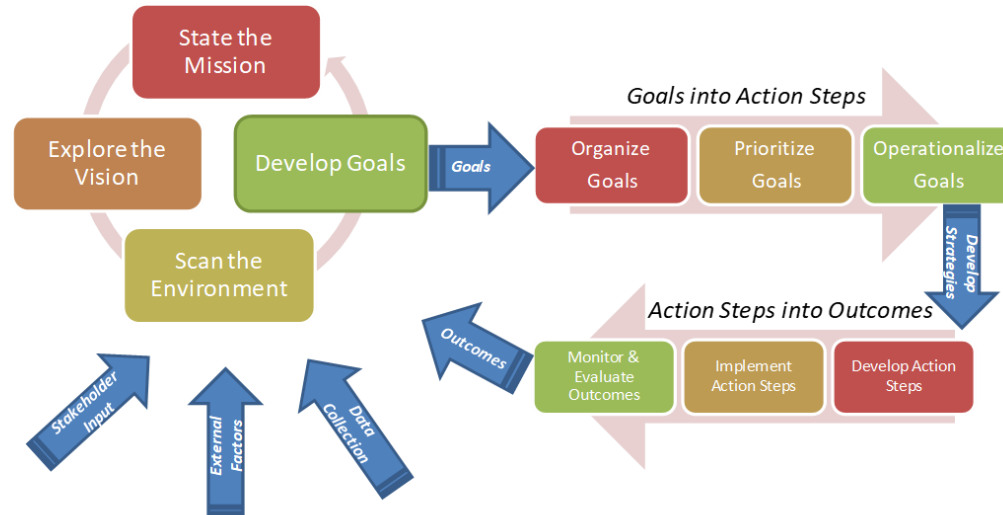


2018 Strategic Plan-Guiding our Future



Strategic Planning Model*

Converting Vision & Strategies into Goals



* Model generally represents the steps that are taken for this type of initiative.

2018 Strategic Plan-Guiding our Future

SHORT-TERM ROUTINE

- Maintain fiscal stability and a balanced budget
- Create a 20-year Capital Improvement Plan (CIP)

SHORT-TERM COMPLEX

- Create an inclusive community with an outreach program that encourages community involvement
- Address community blight in affected areas via multiple level strategies
- Improve/create intergovernmental partnerships for economies of scale/shared use of resources and capabilities
- Further develop the downtown

LONG-TERM ROUTINE

- Promote, retain, and enhance small business development
- Explore, develop, and improve strategies for industrial growth
- Incorporate dynamic planning and evaluation (review and revise) in City-wide planning efforts

LONG-TERM COMPLEX

- Encourage diversified housing developments with friendly walkways
- Explore business and development incentives to increase job opportunities in the City that are sustainable while offering a living wage
- Further Develop the Downtown
- Reduce the City's overall debt



Rochelle is committed to...

- Technology...providing access to high-speed fiber-optic based communication services within our community. The City will continue to pursue new partnerships to provide better services.
- Transportation...promoting a superior infrastructure of two major highways, two major interstates, two major railroads, a Class 1 City Industrial Rail System, and the largest Intermodal facility in the Union Pacific Rail System.
- Economic & Community Development...fostering an environment that allows our businesses to grow and thrive through an updated and streamlined development process that promotes growth rather than hindering it, a fair and equitable tax and fee systems that allows for growth while funding important investments in infrastructure and promoting retail, commercial and industrial growth that is good for the entire community.



Rochelle is committed to...

- Supporting a vibrant downtown that offers amenities for our residents and visitors alike.
- Supporting multiple housing options that includes additional single family homes, senior living, up to date rental options and affordable housing.
- City-Owned Utilities... supplying safe and reliable electric, water and sanitary sewer services at competitive rates while planning responsibly for future capacity and growth.
- Integrity...building trust by serving the community with the highest standards of ethics, stewardship, conduct and transparency.
- Regional Leadership... planning for growth and development by facilitating collaboration between surrounding communities, all other local taxing bodies and economic development organizations.



Rochelle is committed to...

- Teamwork...fostering an environment where individuals are encouraged to grow their talents, work in teams, offer solutions to problems, and negotiate for the good of the community and the benefit of the region.
- Employee professional growth...creating an environment where our employees can foster new skills that benefit the entire organization.
- Respect...respecting the worth of all persons and offering an work environment that promotes inclusiveness of our people and their ideas.
- Quality of Life...promoting housing, recreation, public safety and commerce



2019 Organizational S.W.O.T Analysis

Strengths

- Strong Support Staff-Key staff in positions to promote excellent
- Knowledgeable & dedicated department heads
- City owned utilities that are reliable, regionally competitive and fiscally sound
- More diverse workforce (in all aspects)
- Invested elected officials (supportive and knowledgeable)
- New Growth in the Downtown corridor
- New ED tools approved by council
- Forward thinking staff and elected officials willing to implement new programs and make changes
- Increasing EAV
- General fund cash on hand



2019 Organizational S.W.O.T Analysis

Weaknesses

- Continued issues with the State of Illinois
- Need more diversity in the workplace
- Sometimes we operate in silos
- Non-home rule



2019 Organizational S.W.O.T Analysis

Opportunities

- More emphasis on collaboration with local taxing districts (bi-monthly meetings)
- Department heads are open to new ideas
- Growth of City owned fiber and communications system (possible public/private partnership)
- Continue expanding presence in regional area
- Possible ¼ cent sales tax referendum for public safety, pensions and property tax relief or Home Rule referendum
- Business Development District south of 88 at Love's and Airport
- Moving toward a program/performance based budget
- More emphasis on downtown and 251 & 38 corridors
- Utility load growth
- Fiber and communications expansions
- Staff development



2019 Organizational S.W.O.T Analysis

Threats

- State fiscal issues
- Continued increases in pension costs
- Future Local Government Distribution Fund (Income Tax) cuts
- Losing good department employees with vast institutional knowledge
- Lack of commitment to infrastructure
- Not promoting a culture that promotes employee participation and operates in silos
- Radium issues in the water department
- Future capital costs in the Utility Departments-Development must help pay for development

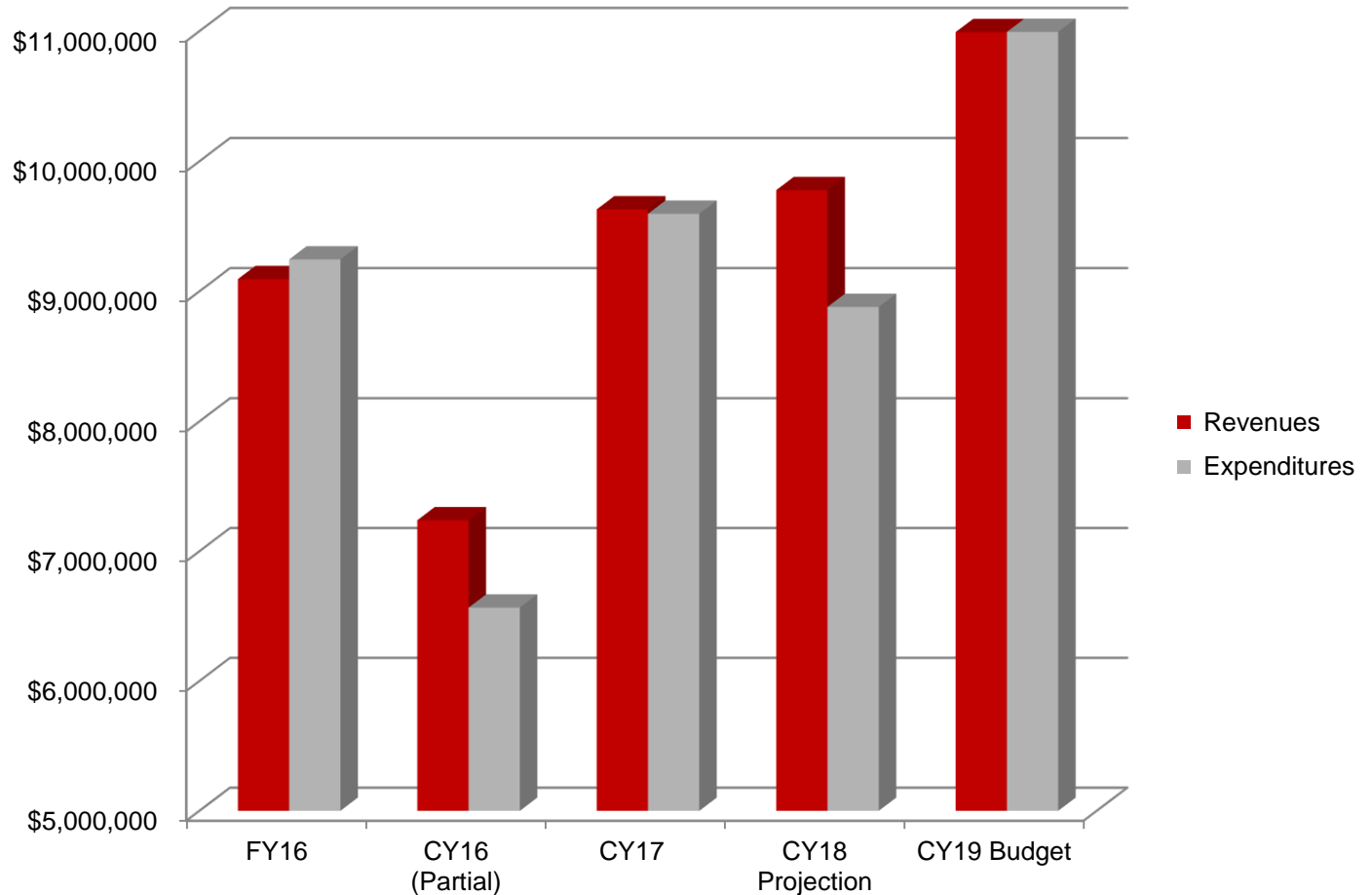


General Fund- Introduction

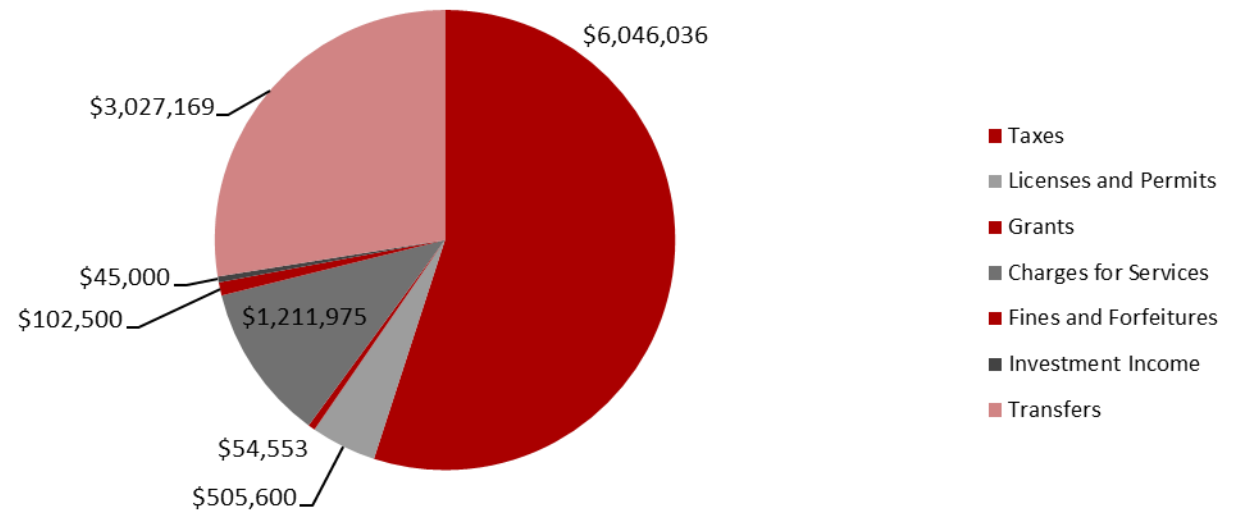
- The General Fund is the operating fund for the following Departments:
 - Police
 - Fire
 - City Clerk
 - Community Development
 - Streets/Cemetery
 - Engineering
 - Economic Development
 - Administration (Mayor/Council & Municipal Building)
- Taxes & transfers are the primary sources of revenue.



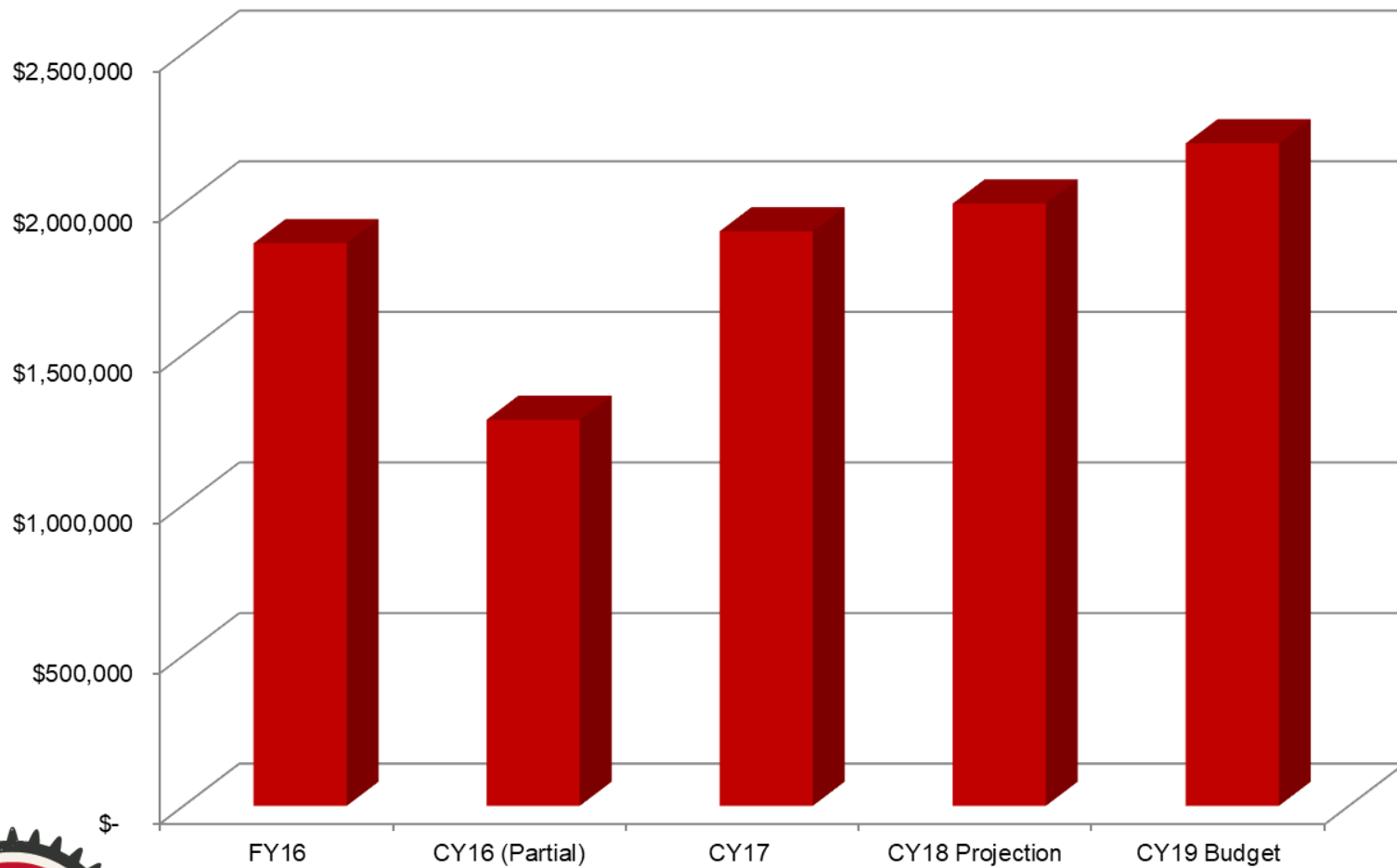
General Fund Revenues & Expenses



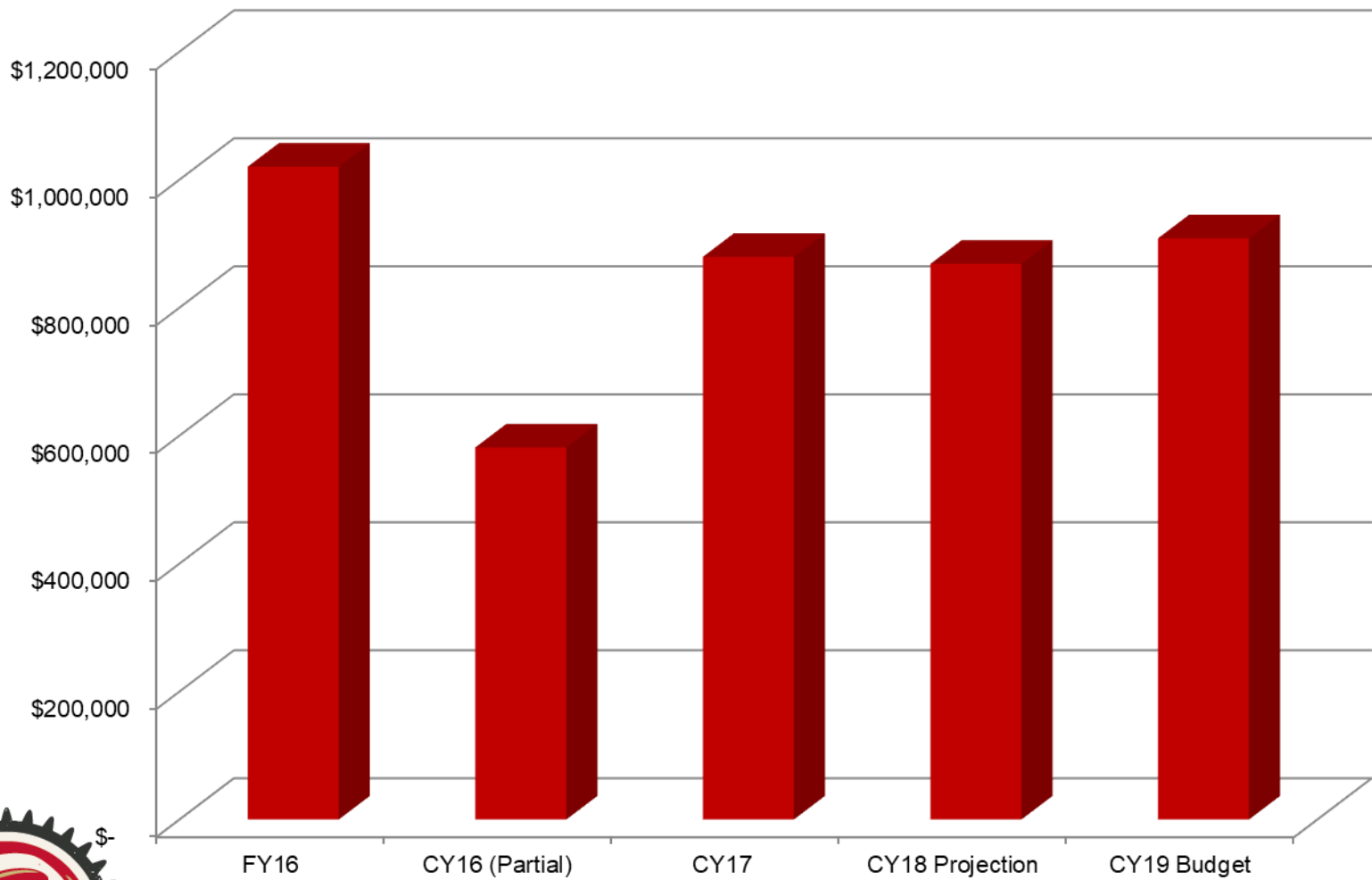
General Fund Budgeted Revenues



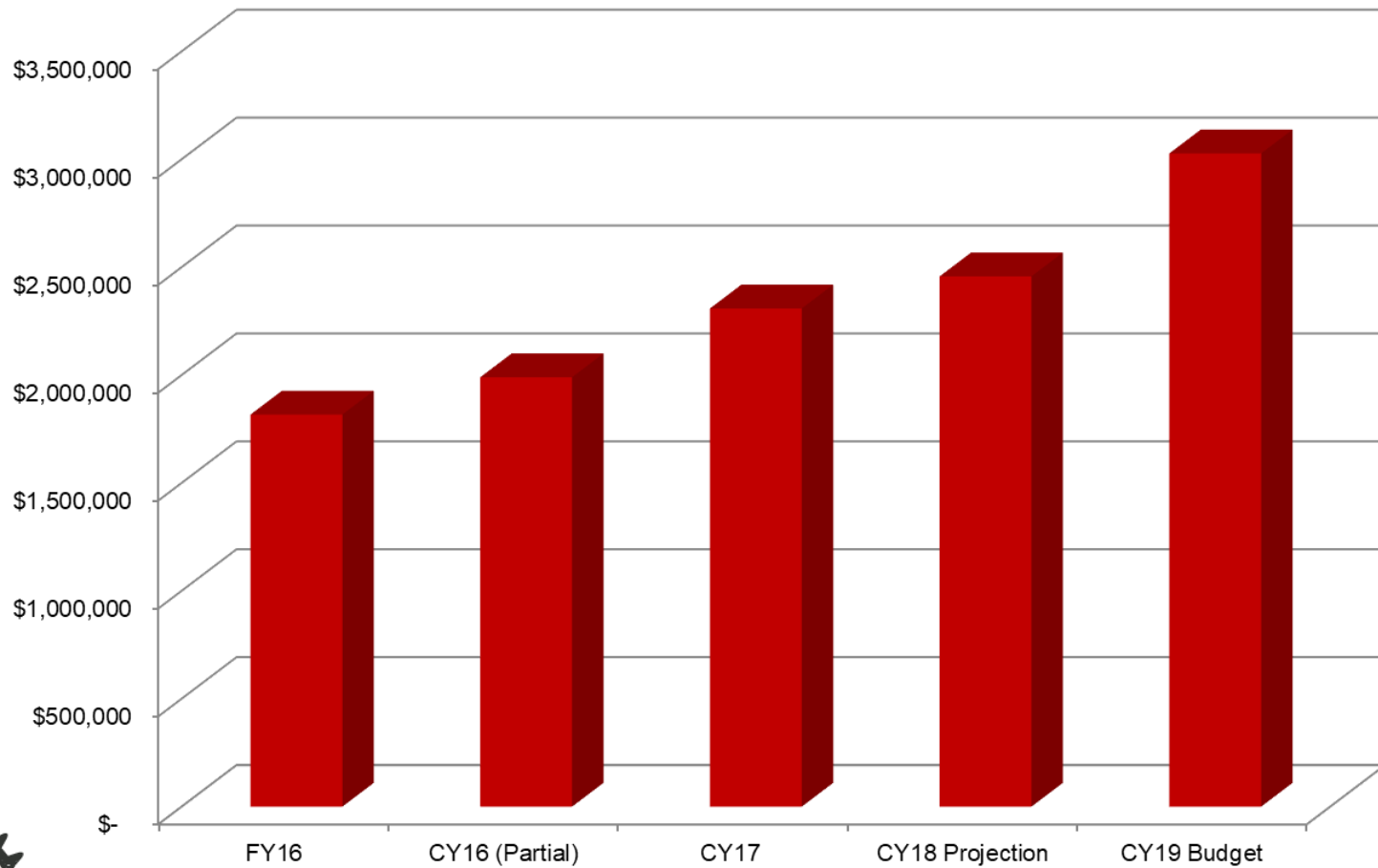
Sales Tax



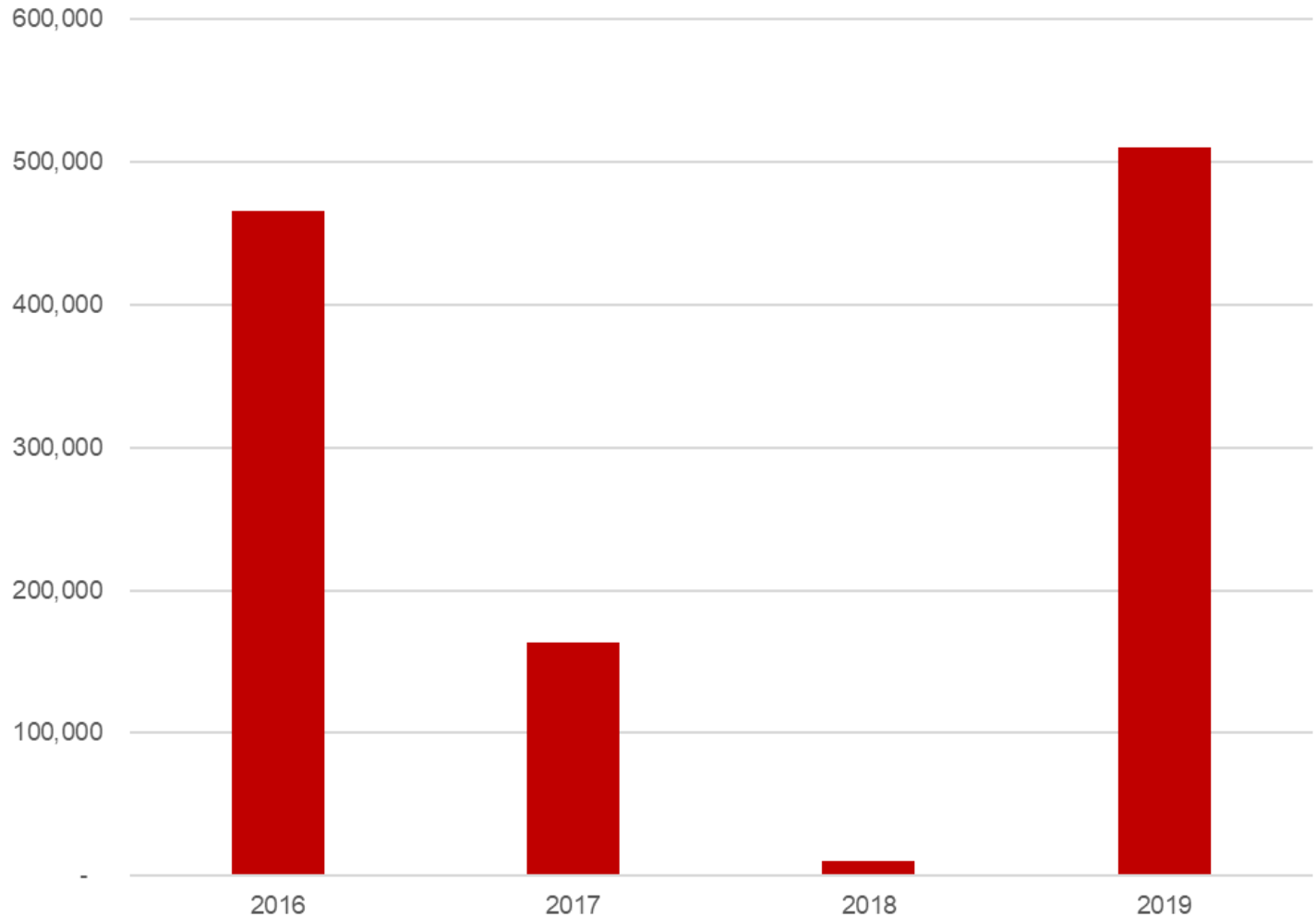
LGDF History (Income Tax)



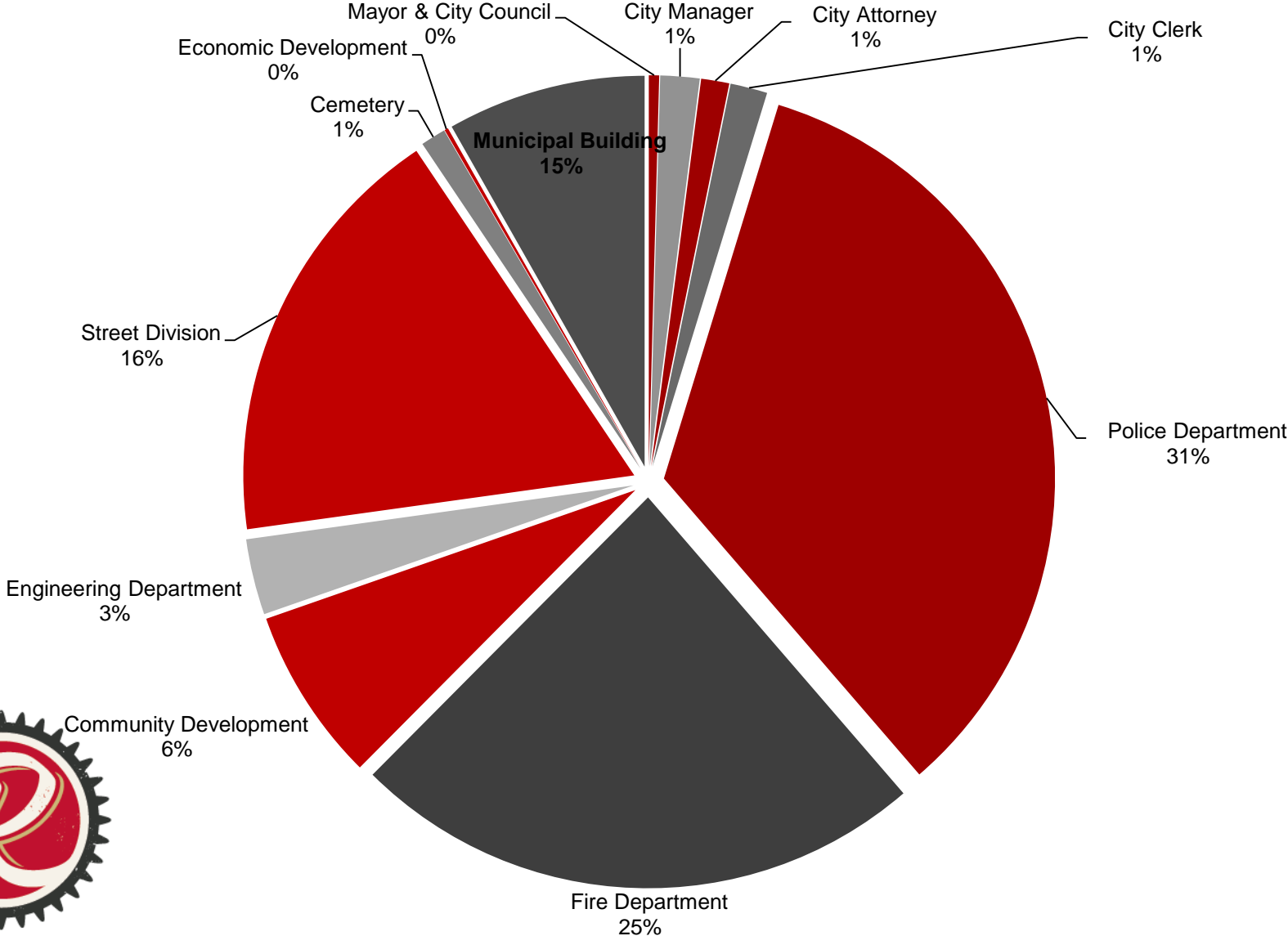
Total Transfers - In to General Fund



Solid Waste Transfer to General Fund



Expenses by Department



Fund Summary Comparison – General Fund

	2018 Budget	2019 Budget	% Change
General Fund			
Revenues	\$9,537,136	\$10,992,833	15%
Expenditures	\$9,467,565	\$10,994,296	16%
Mayor & Council			
Expenditures	\$40,150	\$40,150	0%
City Manager			
Expenditures	\$153,235	\$29,900	-80%
City Clerk			
Expenditures	\$145,130	\$106,386	-27%
Police Dept.			
Expenditures	\$3,212,615	\$3,445,813	7%
Fire Dept.			
Expenditures	\$2,250,868	\$2,803,386	24%



Fund Summary Comparison – General Fund

	2018 Budget	2019 Budget	% Change
Community Development			
Expenditures	\$683,017	\$539,159	-21%
Engineering			
Expenditures	\$297,002	\$371,041	25%
Street Dept.			
Expenditures	\$1,684,699	\$1,742,013	3%
Cemetery			
Expenditures	\$98,766	\$148,269	50%
Municipal Building			
Expenditures	\$777,584	\$1,622,739	209%



Fund Summary Comparison

	2018 Budget	2019 Budget	% Change
Water Reclamation Fund			
Operating Revenues	\$3,502,234	\$3,610,687	3%
Operating Expenditures	\$1,996,659	\$2,128,671	7%
Water			
Revenues	\$2,566,624	\$2,584,048	1%
Expenditures	\$1,316,758	\$1,680,227	28%



Fund Summary Comparison

	2018 Budget	2019 Budget	% Change
Electric Fund			
Operating Revenues	\$40,001,373	\$38,835,000	-3%
Operating Expenditures	\$32,084,855	\$28,901,553	-10%
Technology Center			
Operating Revenues	\$1,418,200	\$1,507,500	6%
Operating Expenditures	\$1,236,375	\$1,354,137	10%



Fund Summary Comparison

	2018 Budget	2019 Budget	% Change
Airport			
Revenues	\$1,800,421	\$4,713,083	254%
Expenditures	\$1,853,198	\$4,687,899	253%
Solid Waste			
Revenues	\$459,693	\$606,100	32%
Expenditures	\$371,373	\$1,776,469	478%



Fund Summary Comparison

	2018 Budget	2019 Budget	% Change
Railroad			
Revenues	\$7,919,583	\$4,713,083	-40%
Expenditures	\$8,614,538	\$4,808,199	-44%



External Debt Outstanding

Outstanding Debt	As of 1/1/19	Principal Payments	As of 12/31/19
Electric	\$13,895,000	\$630,000	\$13,265,000
Technology Center	\$3,015,000	\$250,000	\$2,765,000
Water Reclamation	\$297,474	\$31,826	\$265,648
Airport	\$515,000	\$35,000	\$480,000
Lighthouse Point TIF	\$2,765,000	\$140,000	\$2,625,000
General Fund (Quiet Zone)	\$1,490,000	\$170,000	\$1,320,000
General Fund (Cap Impr)	\$4,500,000	\$0	\$4,500,000
Water	\$5,581,683	\$226,918	\$5,354,765
TOTAL	\$32,059,157	\$1,483,744	\$30,575,413



City of Rochelle Full-Time Employees

General Fund 60 Full-Time Employees

Internal Service
(Admin Services & Network Admin) 11 Full-Time Employees

Enterprise Funds 43 Full-Time Employees

Total 114 Full-Time Employees



Labor Expenses

- Full-Time Employees
 - Non-union labor costs have been budgeted for 4% based on compensation study. Average increase 2.75%.
 - IBEW and Fire Union labor costs TBD because contracts end 4/30/2019. 2% budgeted plus current step increases. Police set to receive 2%.
 - Legal Fees remain flat. Some legal fees reimbursed by developers.



Staffing Changes-Setting us up for Success

- Community Development Director will now oversee all Commercial and Retail Development.
- The Chamber will now employ its own director. Current director will move back to the City to provide administrative functions and support for Finance, HR, Police, Utility Billing, City Clerk & City Manager.
- Marketing Director will now lead tourism.
- Electric Superintendent will become permanent director of Advanced Communications & Technology Park.

These changes will allow our team to maximize their talents and bring greater value to the entire organization.



Hotel/Motel Fund

- Revenue Sources:
 - Hotel/Motel Taxes – 5% of local hotel revenues
 - Railfan Park Gift Shop Merchandise Proceeds
- Major Expenditures:
 - Golf Course \$75,000
 - \$105,000 Downtown Project Property Purchases
 - Community Events
 - Part Time Railfan Park Gift Shop & Visitor Center Staff Salaries



Community Events (Hotel/Motel Fund)

Downtown Christmas Walk	\$2,000
Lincoln Hwy Heritage Festival	\$8,000
Railfan Appreciation Days	\$2,000
Irish Hooley	\$5,000
Cinco de Mayo	\$4,000
Ale on Lincoln	\$4,000
Wine on Lincoln	\$4,000
Hay Day	\$4,000
Flagg Rochelle Museum	\$8,000
Miscellaneous Events	\$12,000

(Outdoor Markets, Hispanic Heritage, Easter Egg Hunt, Movie in the Park, etc.)



General Fund Community Contributions

- Annual Fireworks \$6,000 (RMU \$6,000)
- Municipal Band Performances \$14,000
- Senior Center Pledge \$12,500 (RMU \$12,500)
- Rochelle Chamber In-kind
 - 50% Utilities / 50% General Fund



Economic Development Budget

- Salaries for the Economic Development Director and Assistant to the Economic Development Director are allocated to Administrative Services for the first time.
- Economic Development budget includes \$35,000 to fund a façade improvement program, dues, travel and training.



Community Development Budget

- Community Revitalization

- Downtown TIF

- 2nd Avenue Property Acquisition-\$177,500

- City applied for a \$400,000 Home Start Grant

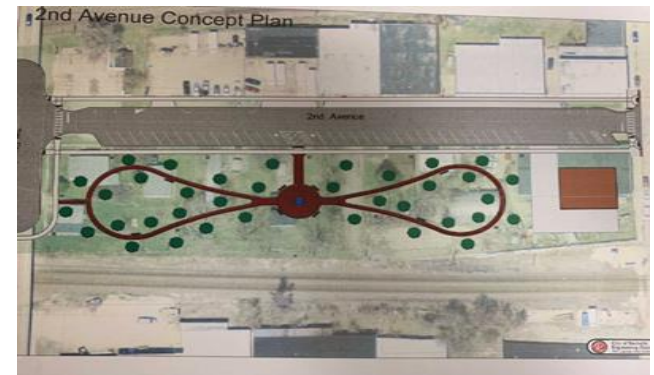
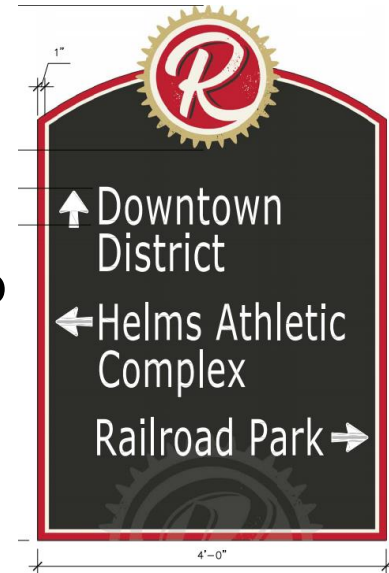
- \$177,500 to be funded by Water Dept. for Well 4 rehab

- Parking Lot Signs-\$40,000

- Zoning Code Updates-\$30,000

- Downtown Benches & Flower Pots-\$9,000

- Brownfields-\$54,000 (reimbursed through grant)



Downtown Revitalization/Plaza & Pavilion

- Street Lights-\$100,000
- Property Purchases for Plaza-\$250,000
 - \$105,000 Hotel/Motel Tax
 - \$125,000 NextEra Franchise Fee
 - \$20,000 NextEra Community Development Contribution



General Fund - City Hall Improvements

Security Improvements	60,000
Heating and Cooling Improvements	240,000
Boiler Upgrade	142,000
Audio Video Equipment	25,000
Key Fob/Doors – Police Department	7,500



Vehicle Purchases

Vehicle (50% shared with RMU) – City Hall	12,000
Dodge Chargers plus installation (2)	61,794
Single Axle Dump Trucks (2 on a 4 year payment plan)	95,000
Fire Engine Chassis	200,000



Equipment Purchases

Mayor & Clerk	Computer	3,000
Police	Shredders (2)	1,500
	UPS	12,423
	Tasers/Holsters (11)	12,802
Fire	12 Lead Cardiac Monitor	35,000
	Storm Siren	20,000
	Dorm & Bathroom Remodel	62,000
Street Department	Traffic Marking Machine	20,000
	Hotpatching Trailer	20,000
	Ground Speed Salt Controller	8,000
Engineering	Laser Printer	7,500
	Furniture	1,000
Economic Development	Equipment	1,000



Capital Improvement Fund Projects

MFT EDP South Main Street improvements sec #12-00112-00FF	3,600,000
4th Ave storm sewer and drainage improvements (PE1)	200,000
Steward Rd widening and resurfacing east of Loves Dev. Site	450,000
Golf course parking lot resurfacing per development agreement	67,000
7th Ave bridge over Kyte River and related approach street imprc	1,180,000
2nd Ave S 12th to 14th St urbanization and reconstruction	590,000
Dement Rd overpass approach/pavement rehabilitation & drain:	130,000
Downtown splash pad and gathering area (land acquisition and	250,000
MFT Misc St Treatments sec #19-00000-00GM	150,000
Railroad Quiet Zone	1,000
Sidewalk - SRTS 10th Ave/2nd St Sec #12-00113-00SW - May St	355,000
Traffic signalization & other intersection improvements at IL Rte.	125,000
Shared Use path Rochelle Golf Course @ Rte 251 side	140,000
Sidewalks/Pedestrian paths - Annual Program TBD	300,000
General maintenance - other, pavements, sidewalks, storm sew	75,000
Other Street/Alley Improvements - HMA surface, pavement stripir	180,000
 Total Capital Outlay	 7,793,000



Administrative Services

Building Better Equity

- Interns from Kishwaukee College and Northern Illinois University may be utilized for future projects.

Includes:

- City Manager
- Assistant to the City Manager/City Clerk
- Finance Director
- HR Coordinator
- Accounting Generalist
- Administrative Services Specialist
- Marketing & PR Manager
- Economic Development Director
- Assistant to the Economic Development Director



Revenue Enhancement Recommendations

- Ambulance Transfer Program
- Non-Home Rule Sales Tax Referendum possible.
- No utility rate increases for most major rate classifications in 2019.



Enterprise Funds

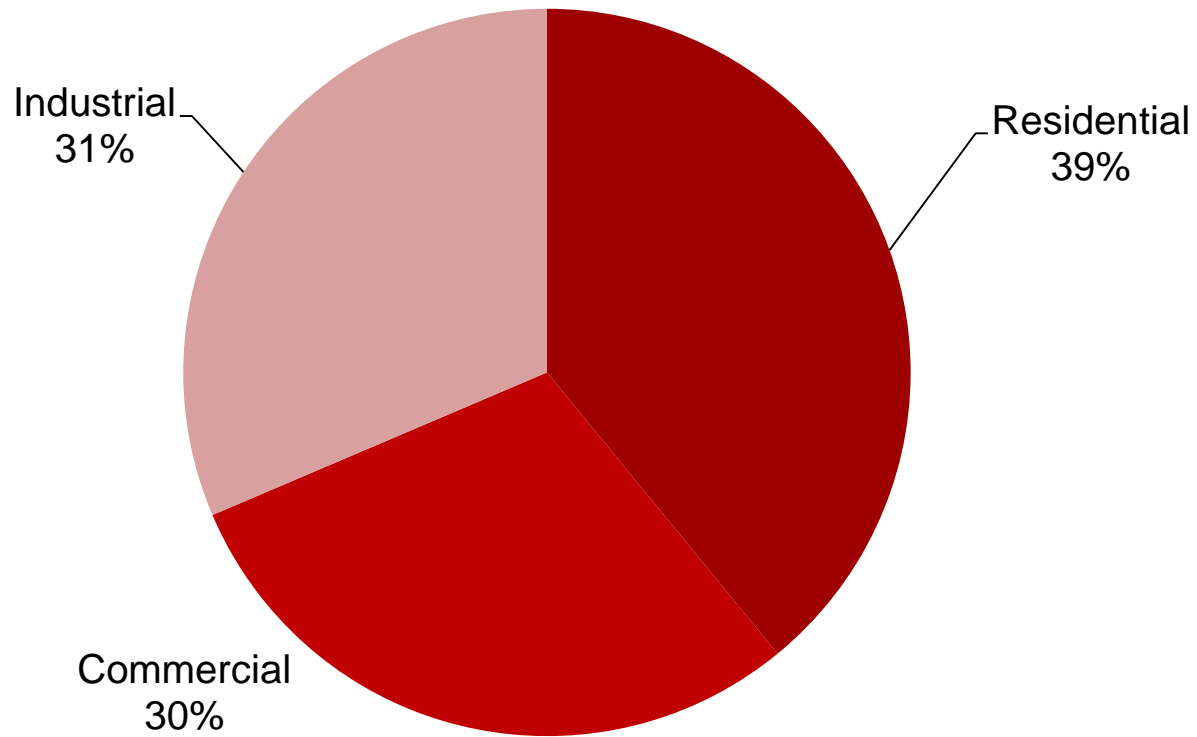


Revenues – Water & Water Rec

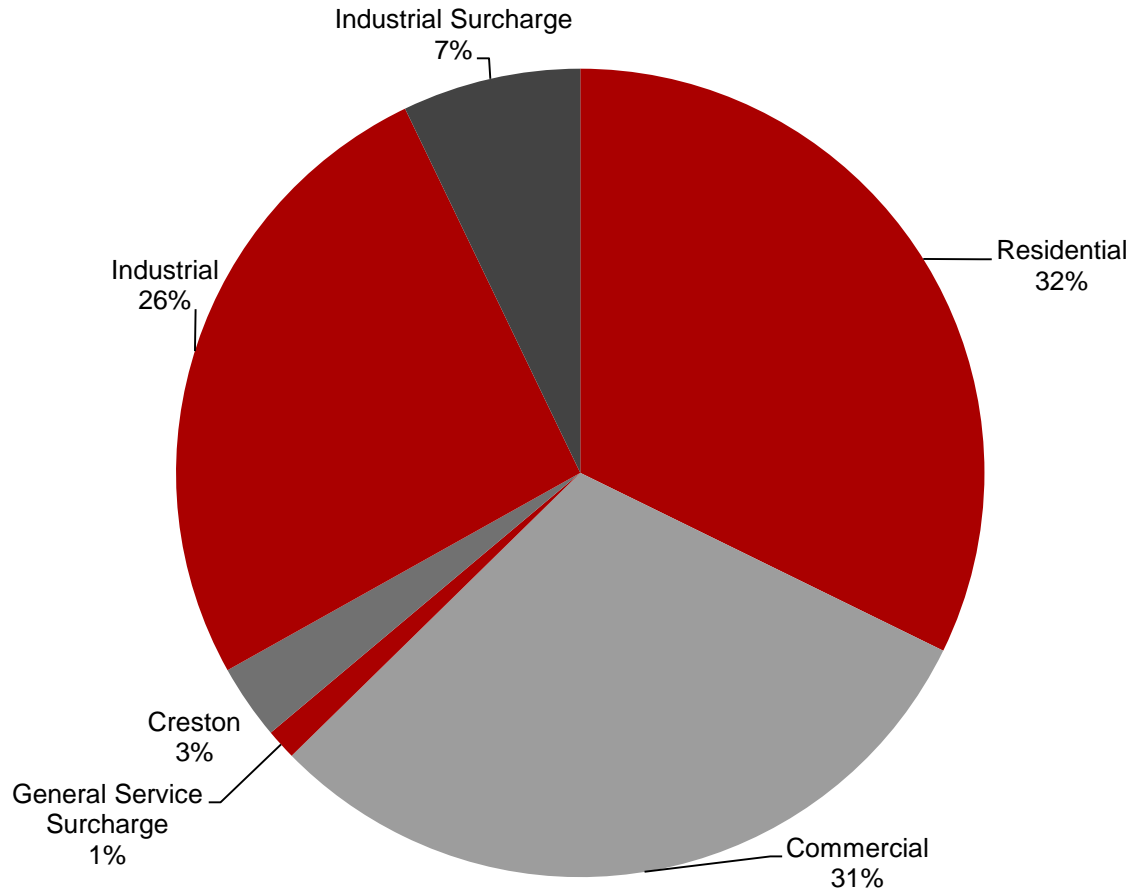
- The combined Water and Water Reclamation Funds revenues are up slightly over the previous calendar year.
 - Most of the increased revenue is due a small amount of increased usage along with grants and ILEPA loans.
- During the coming calendar year there are several capital projects included in the budget for both departments.
 - All projects will be funded with established revenues and fund balances. Portions of the Well 12 and Well 4 upgrades will be funded with a new low interest loan through the ILEPA. The loans carry an interest rate less than 1.50% with 25% principal forgiveness.



Water Revenues



Water Reclamation Revenues

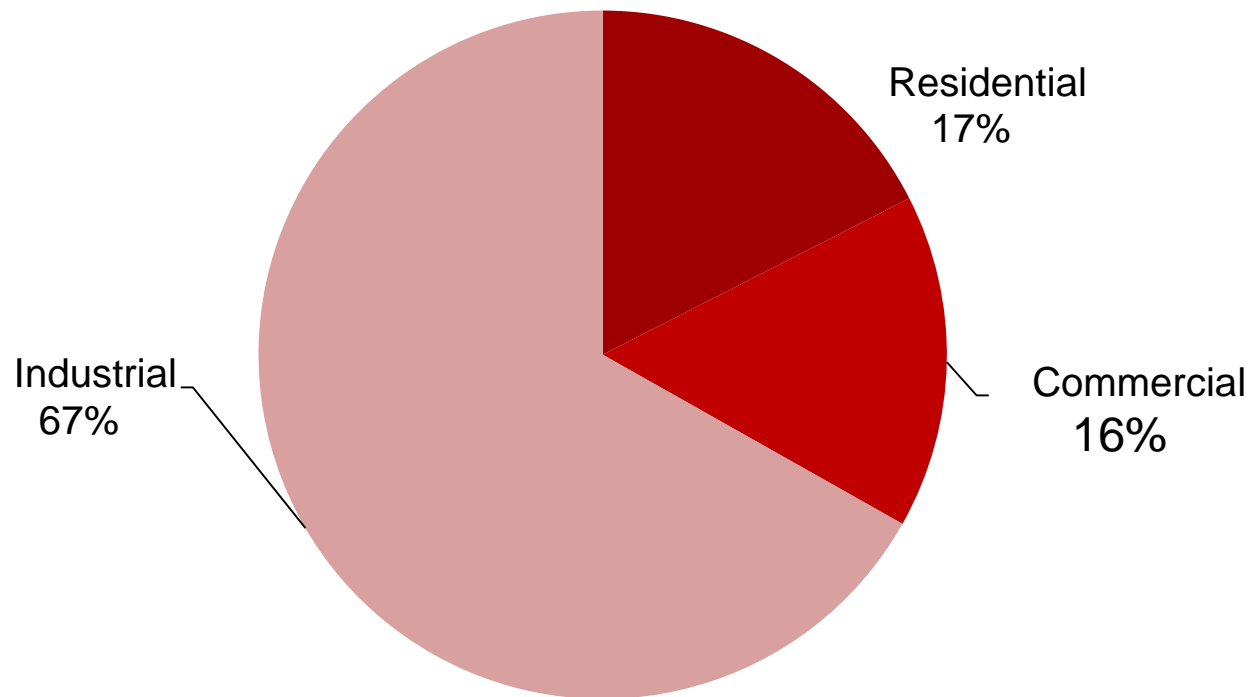


Revenues - Electric

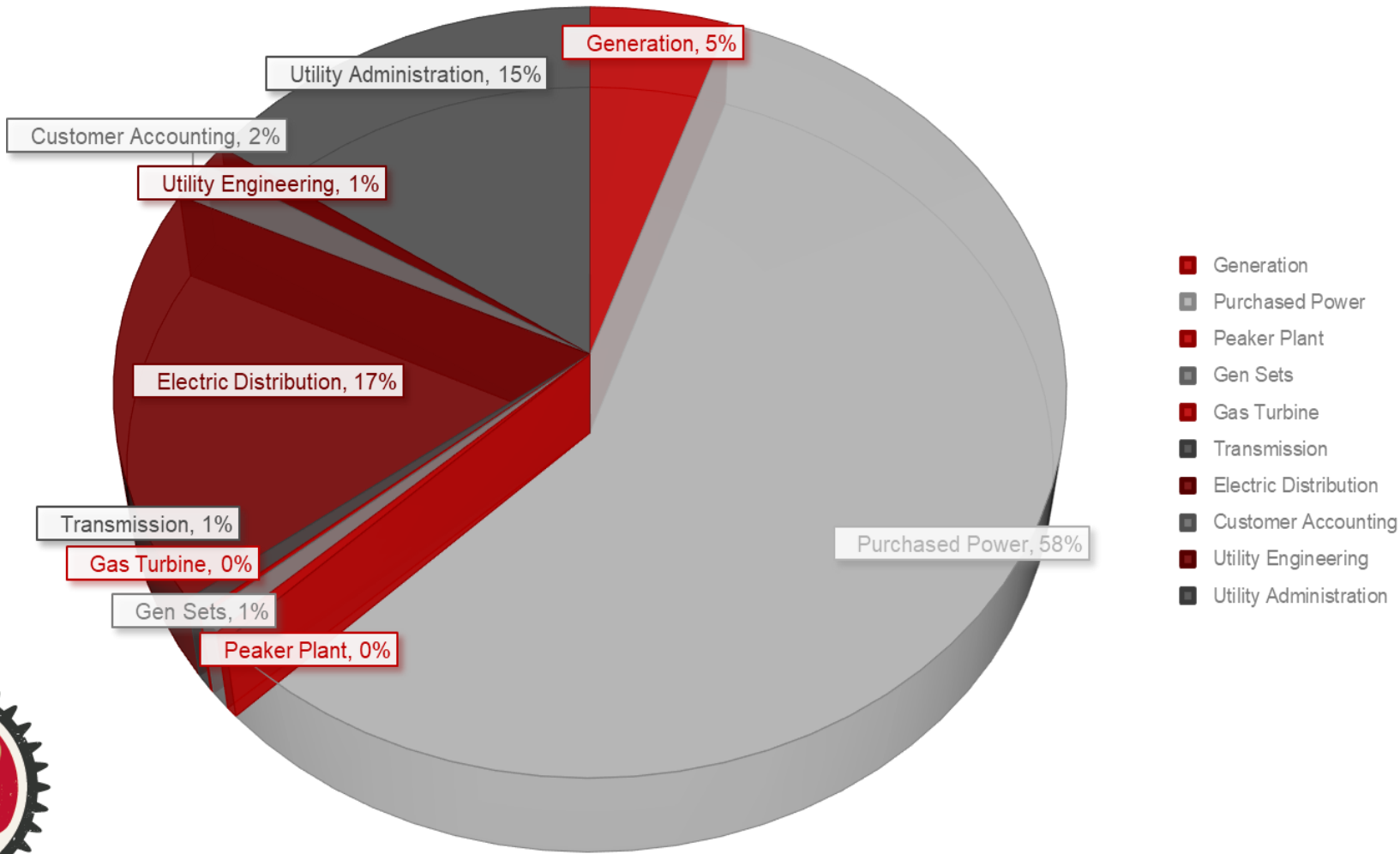
- The Electric Fund covers all the costs associated with the purchase, transmission, and distribution to all properties within the utility service territory.
- CY Budget \$38,835,000
 - This constitutes a decrease of 4% from the previous calendar year. These savings are being realized through a reduction in purchased power expenses and the potential sale of the transmission assets.
- 57% of Budget is Power Purchase Cost
 - Overall, the department continues to see increases in sales and a healthy reserve fund balance.



Electric Revenues



Electric Expenses



Capital Outlay - Electric

GENERATION		
New Pick up	30,000	
LSV-16-GDT top end overhaul, purchase new MCC for Cooper engines	850,000	
Diesel plant Oil Filtration system	100,000	
Silencers Cats 13-15	60,000	
Sub-Total		1,040,000
TRANSMISSION		
Easements and land purchase for substation and 5 miles of transmission lines	0	
Sub-Total		0
DISTRIBUTION		
	250,000	
Personnel Salaries	0	
Electric Meter Blanket	10,000	
Cyber security	50,000	
Street Lighting Blanket	62,500	
Security Lighting Blanket	10,000	
Overhead Distribution Blanket	200,000	
Underground Distribution Blanket	200,000	
Mightyvine	3,000,000	
Downtown	100,000	
Substations	50,000	
Light up Navajo	190,000	
Replace digger truck	250,000	
Coordination of the System	50,000	
Sub-Total		4,422,500
UTILITY ENGINEERING		
OMS/GIS server		165,000
TOTAL CAPITAL OUTLAY		
		5,627,500

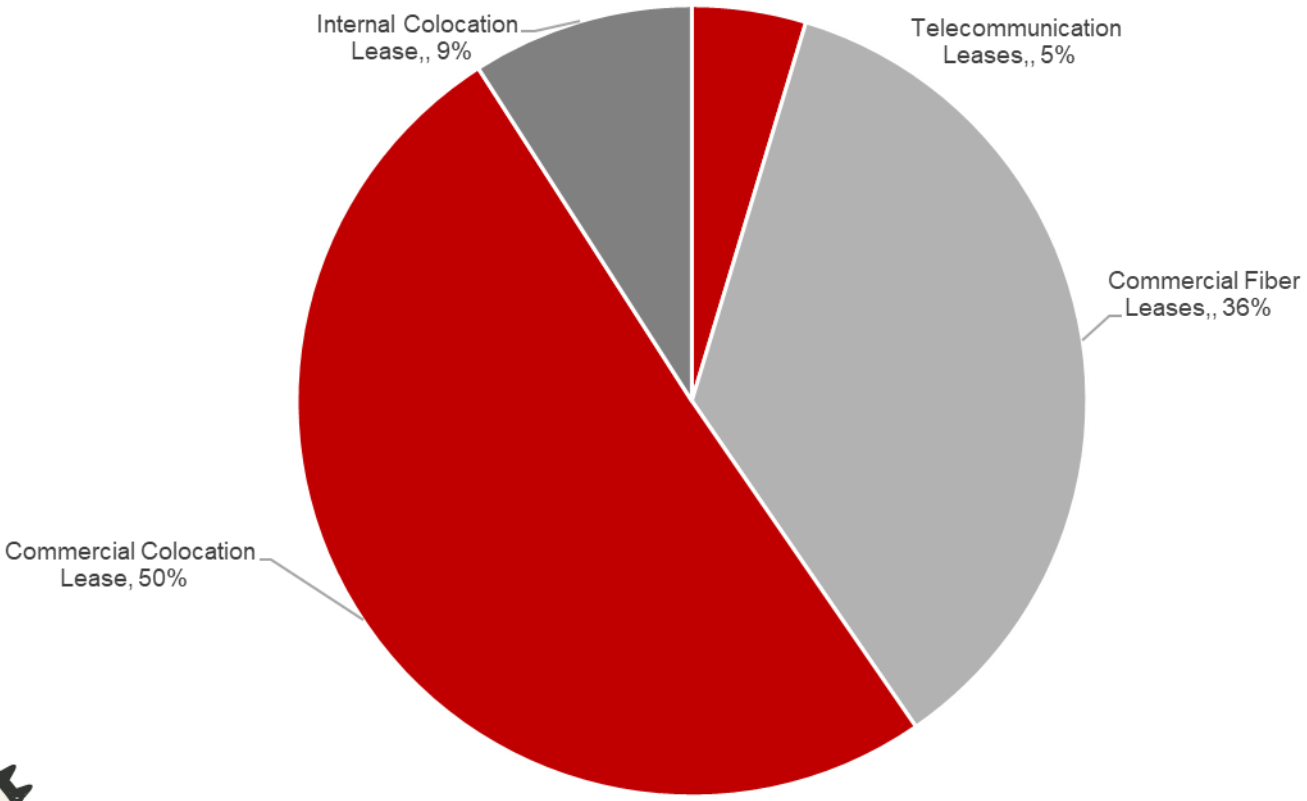


Revenues – Technology Center

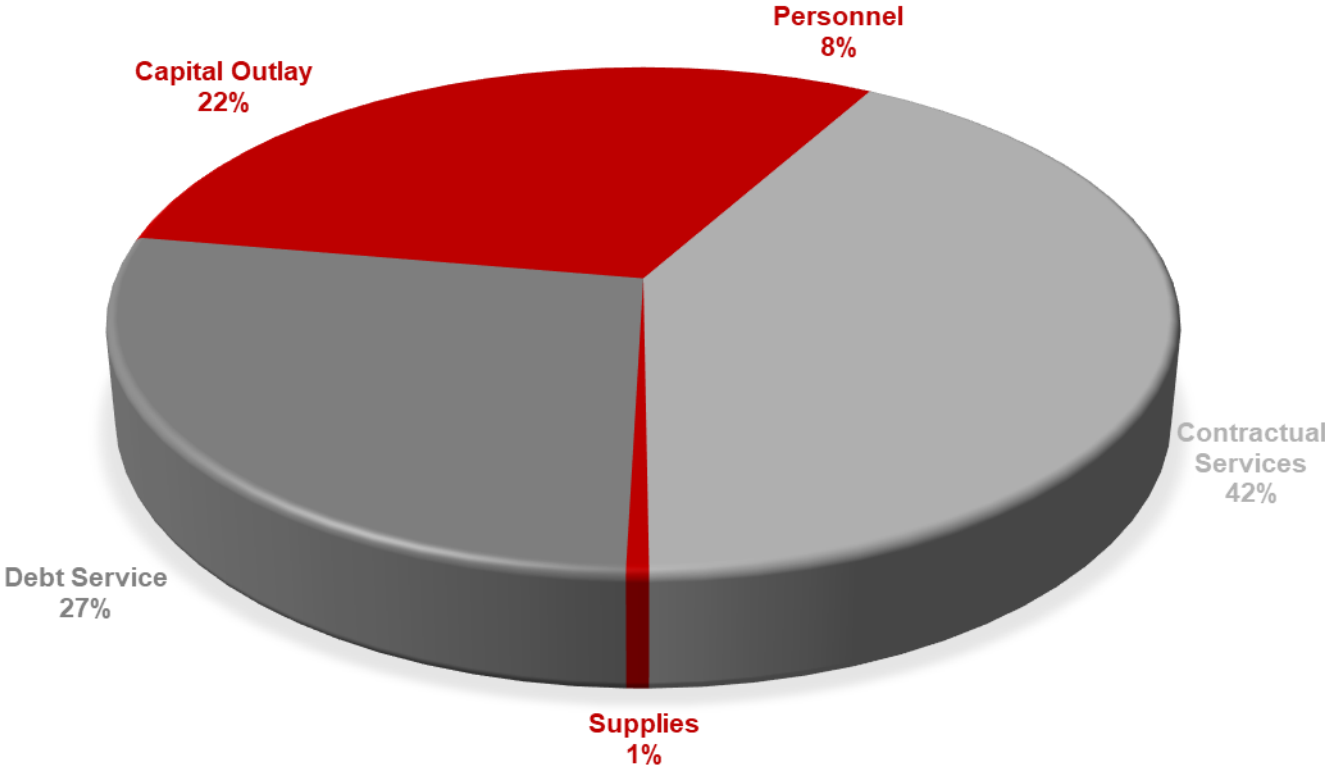
- This fund was created to document the revenues associated with the development of the Technology Center.
- Revenue includes leases for rack space, colocation space and dark fiber.



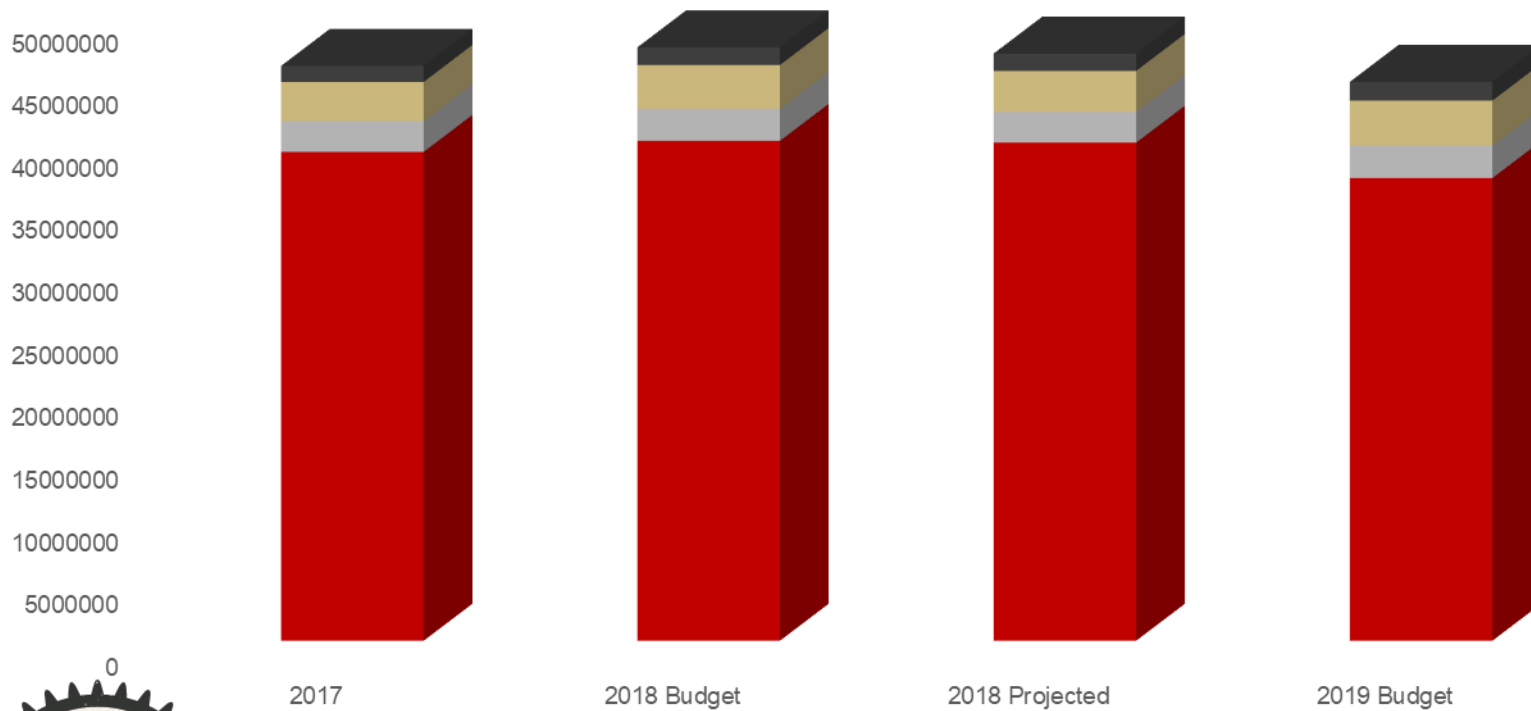
Technology Center/Communications Revenues



Communications/Technology Center Expenses



Utility Revenues from Operations



Airport Fund

Major Revenue

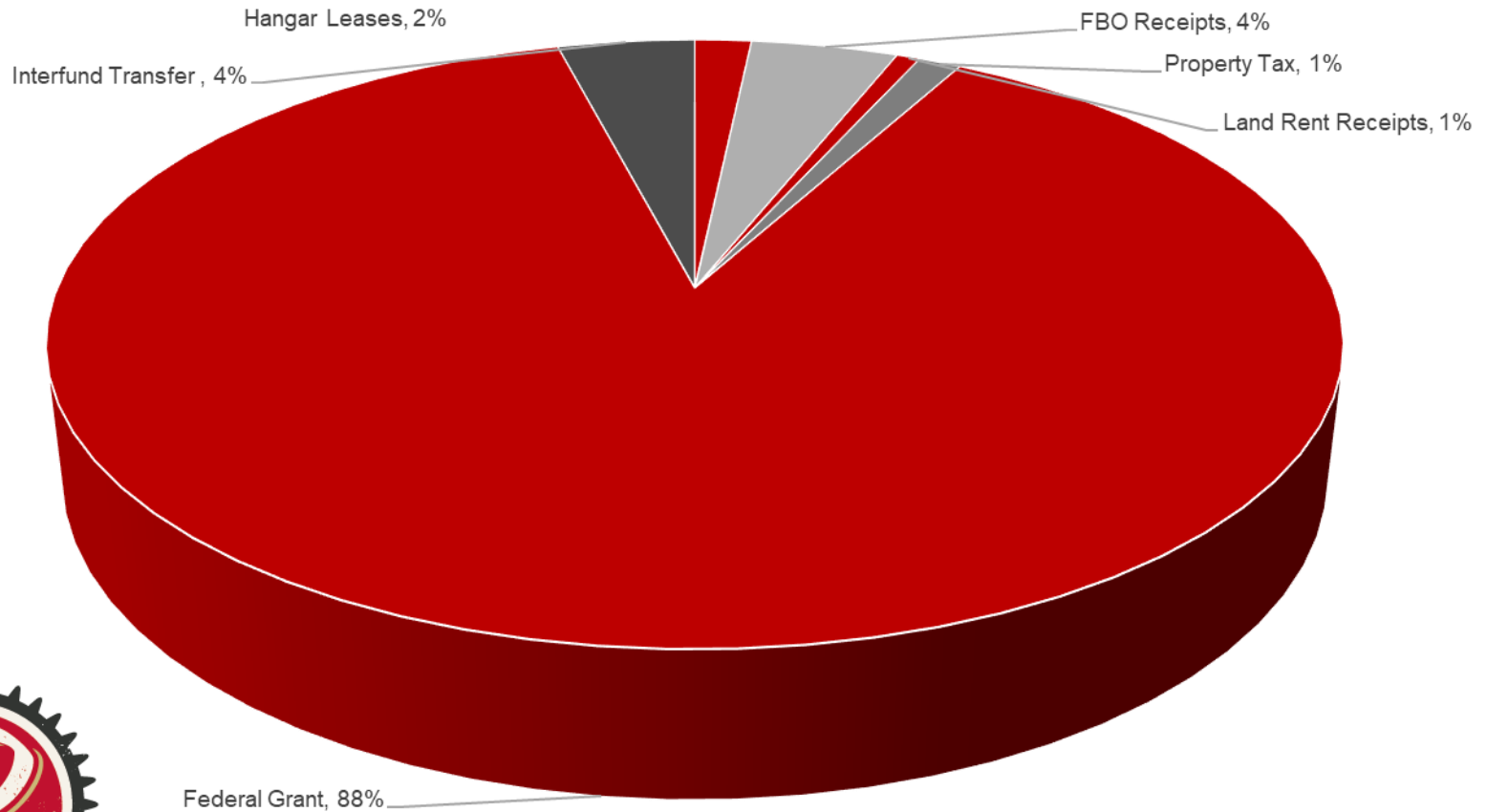
Hangar Leases	\$77,000
FBO receipts (Fuel Sales & Airport Use)	\$200,000
Land rent receipts	\$32,000
Property Tax	\$57,906
Federal Grant	\$4,015,000
Inter-fund Transfer	\$186,357
<u>Other Revenues</u>	<u>\$</u>
Total Revenues	\$4,577,863

Major Expenses

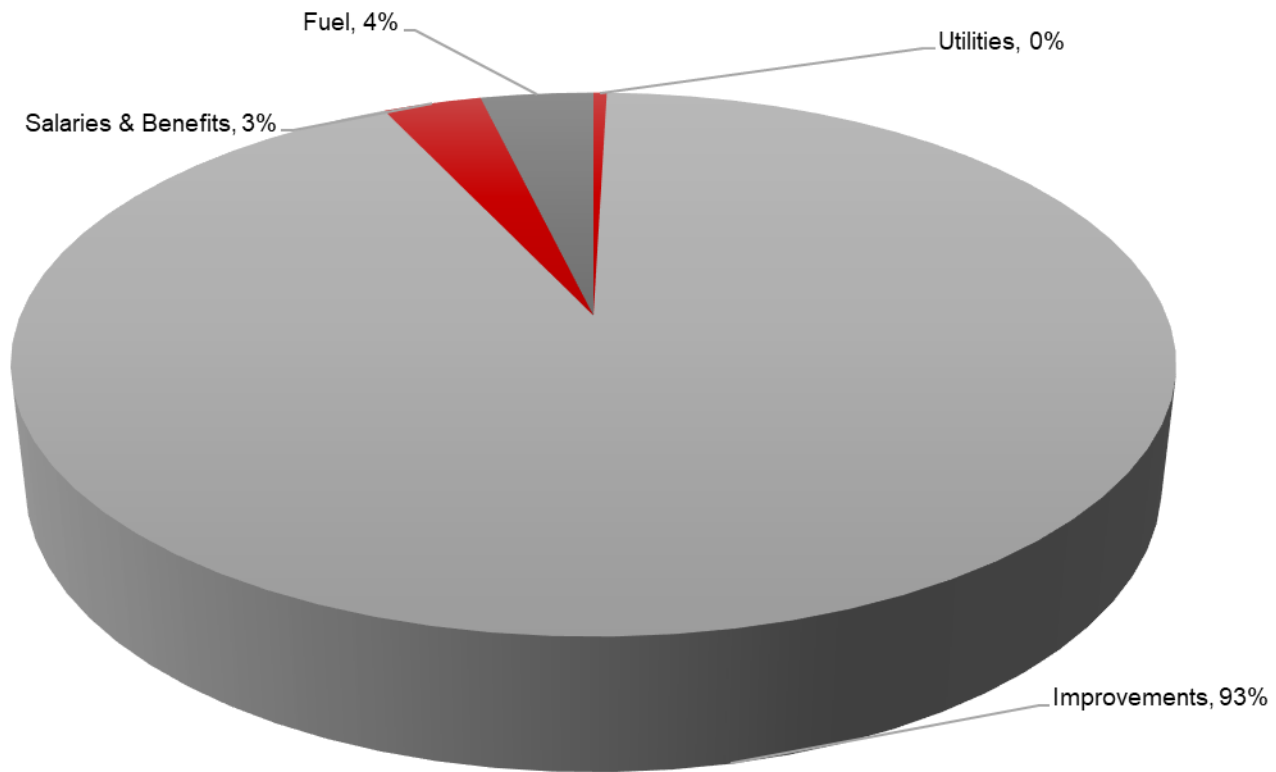
Utilities	\$20,000
Improvements	\$4,227,158
Salaries and benefits	\$148,366
<u>Aviation fuel</u>	<u>\$170,000</u>
Total Expenses	\$4,565,524



Major Airport Revenues



Airport Expenses



Railroad Budget

- Revenues

Switch Absorption Fees	\$850,000
In/Out Storage Switch Fees	\$100,000
Storage Fees	\$100,000
Capital Fund Revenue	\$650,000

Expenses

Contractual Services	\$908,199
Capital Outlay	\$3,900,000



Golf Course Budget

Revenues

Golf Rounds	\$100,000
Season Pass	\$35,000
Cart Rentals	\$41,000
Merchandise Sales	\$20,000
Advertising	\$7,500

Expenses

Staff	\$197,709
Contractual Services	\$71,925
Supplies	\$69,566
Capital Outlay	\$24,000





Group hug!