



AGENDA
SPECIAL COMMITTEE OF THE WHOLE MEETING
November 22, 2011 – 7:30pm

- 1) **Budget**
 - a) **Utilities**
 - b) **Chipper Service**
 - c) **Museum**
 - d) **4th of July Parade**
 - e) **Overall Budget**
- 2) **Refuse Collection RFP Development**
- 3) **TIF and Marketing**
- 4) **Municipality Electricity Aggregation**
- 5) **Economic Development Proposal**
- 6) **Proposal to Sell Algonquin Road Property**

Committee of the Whole Agenda Item – November 22, 2011

1a) Utilities Fund

Attachments: Utilities Fund Balance Overview and Capital Improvement Projects (CIP) 2012-2017 (per FY 2011 Capital Improvement Plan)

Background:

The Utilities Fund accumulates resources for Water, Sewer and Stormwater services. The background material offers information on the following:

- 1) 2012 Proposed Sewer Revenue & Expenditures
- 2) 2012 Proposed Sewer Capital Projects
- 3) 2012 Sewer Rate Options
- 4) Utilities Fund Balance Overview with Proposed 2012 Rates

1) **2012 Proposed Sewer Revenues & Expenditures.** Listed below is a breakdown of Revenues, Operating Expenditures and Capital Projects as presented in the FY 2012 Proposed Budget. The Sewer Revenues are shown as per the proposed budget with a 7% increase from 2011 Sewer Rates.

Revenues – Sewer

Sewer Service (Assumes 7% increase)	\$	1,712,300
Access to Sewer Fees	\$	75,000
Service Chargebacks – Revenue	\$	14,865
Late Penalties	\$	13,591
Tap on Fees	\$	5,000
Total Sewer Revenues		\$ 1,820,756

(Excludes IEPA Loan)

Expenditures – Sewer

Chargebacks/Administration/Billing Expense Allocation	\$	391,146
Salaries & Benefits	\$	565,709
Contractual Services	\$	200,522
Supplies	\$	67,750
Total Sewer Expenditures Before Capital Projects	\$	1,225,127

REVENUE: IEPA Loan	\$	1,500,000
EXPENSE: IEPA Loan – 80 Locations	\$	1,500,000
	\$	0

Note: If the City does not receive the loan, the work is not done.

2) **2012 Proposed Sewer Capital Projects**

Sanitary Sewer Rehabilitation	\$	125,000
Manhole Rehabilitation	\$	50,000
GIS Aerial Photography	\$	40,000
Storage Building	\$	35,000
Lift Station 1 Improvement Phase 2	\$	75,000
Sewer Relocates Golf – New Wilke Roads	\$	105,000
Watermain Relocates Golf – New Wilke Roads	\$	50,000
Sanitary Sewer Pipe & Force Main Rehabilitation	\$	100,000
Sanitary Sewer Manhole Rehabilitation	\$	75,000
Total Sewer Capital Projects	\$	655,000

Total Sewer Expenditures	(Excludes IEPA Loan)	\$ 1,880,127
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Deficit in Sewer for FY 2012 (\$ 59,371)

The Sewer Division, as proposed with a 7% increase, shows a deficit for the FY 2012 which means that the Utilities Fund will draw down on reserves to stay positive OR as an alternative, certain proposed capital projects may be deferred until a later date. Staff will provide this if requested.

3) **2012 Sewer Rate Options:** This discussion focuses on the Sewer Rate Options for 2012.

BACKGROUND: Since the 1970's, the Sewer rate has been calculated as a percentage of the Water rate. In 2002, the Sewer rate increased from 25% to 30% of the Water rate. In 2006, the Sewer rate increased from 30% to 33% of the Water rate (2011 rate). To recap, Water and Sewer Rates are based on consumption or usage of water. Current rates are based on a Tiered System whereby usage up to 15,000 gallons are billed at one rate per 1,000 gallons and usage over 15,000 gallons per 1,000 are billed at a higher rate. The City of Rolling Meadows, similar to neighboring communities, bill for Sewer charges based on water usage on a per 1,000 gallons basis.

To understand at a broader level how rates are calculated, here are a few assumptions that are followed for Water and Sewer Rate calculations:

- 1) Water & Sewer Rates go into effect March 1st. Two months are calculated at the **OLD** rate and ten months are calculated at the **NEW** rate.
- 2) Water & Sewer User Base: 93% of users are Residential and 7% of users are Businesses.
- 3) Calculations are based on two tiered usage.
- 4) Tiered Users: Residential users consume 96% of the 1st Tier and 4% of the 2nd Tier. Business users consume 70% of the 1st Tier and 30% of the 2nd Tier.
- 5) Calculations are based on three years of historical usage taking into the current water gain or loss data which is built into the projections. (The City has experienced about a 2% – 5% usage loss each year compared to the previous year.)
- 6) These are estimates and are subject to change based on gallons consumed by residents.

BUDGET RECAP: At the October 18th Committee of the Whole Meeting, it was discussed to review a possible increase to the Water rate, but *not* to the Sewer rate. At the November 8th Committee of the Whole Meeting, the Sewer rates were presented with the option to keep it at 33% or adjust the rates down to 30% or 25% in order to discount the Sewer rate. At this same meeting, direction was given to Staff to review the Sewer rate, but not as a percentage of the Water rate, but to assign a dollar amount per 1,000 gallons. This would thereby eliminate an adjustment to Sewer rates when the City experiences rate hikes from JAWA.

Direction was given to Staff to increase Sewer rates to the revenue target of \$1.9 million.

The City Council approved the Water Rate Ordinance for 1st Reading on November 15, 2011 and 2nd Reading will take place on December 6, 2011. At the time of drafting the FY 2012 Proposed Budget, the City of Chicago indicated that their increase in Water rates would be about 7%. In the proposed budget, a 7% increase is proposed for Water and Sewer service (Sewer is 33% of Water service).

SEWER RATE OPTIONS FY 2012

STATUS QUO (CURRENT RATES 2011 BUDGET)

2011 Rate for Usage Up to 15,000 Gallons:	\$2.10 Per 1,000 Gallons
2011 Rate for Usage Over 15,000 Gallons:	\$2.45 Per 1,000 Gallons

REVENUE GENERATED:	\$1,666,650
SEWER DEFICIT ABSORBED BY RESERVES:	(\$ 105,021)

7% INCREASE ON CURRENT RATES (ORIGINAL PROPOSED 2012 BUDGET)

Proposed Rate for Usage Up to 15,000 Gallons:	\$2.25 Per 1,000 Gallons
Proposed Rate for Usage Over 15,000 Gallons:	\$2.65 Per 1,000 Gallons

REVENUE GENERATED:	\$1,712,300
SEWER DEFICIT ABSORBED BY RESERVES:	(\$ 59,371)

CITY COUNCIL DIRECTION 11/8/11: SET RATES TO EQUAL \$1.9 MILLION FOR SEWER REVENUES (20% INCREASE ON CURRENT RATES)

Proposed Rate for Usage Up to 15,000 Gallons:	\$2.50 Per 1,000 Gallons
Proposed Rate for Usage Over 15,000 Gallons:	\$2.95 Per 1,000 Gallons

REVENUE GENERATED:	\$1,900,000
THIS CREATES A SEWER SURPLUS OF:	\$ 128,329

In each of these rate options, the Sewer Rate is ***not*** tied to the Water Rate. The Sewer Rate is a \$ Rate based on the gallons consumed by residents or businesses. The rates are shown as status quo or based on a percentage increase. The revenue shown is the revenue generated by Sewer Rates with the assumptions mentioned previously in this summary. The Fund Surplus is the surplus of the 2012 Revenues subtracted by the 2012 Expenses. For purpose of this discussion, we did not show ending Fund Balance for year end of 2012. These examples only show revenues less expenditures and the resulting surplus or deficit. Please take a look at the sheet that follows this page to view the details on how the current proposed budget breaks the Utilities Fund out by Service Type.

Previous Council Action:

October 18, 2011, Committee of the Whole Budget Discussion (Sewer Rate Increase)

November 8, 2011, Committee of the Whole Budget Discussion (Sewer Rate Increase)

Recommendation: Staff recommends a 7% increase in the Sewer Rate (original proposal) or a 10% to break even in the Sewer division. While these increases help, they do not help overall fund balance. Staff requests 1st reading of the Sewer Rate Ordinance on December 6th.

FY 2012 ORIGINAL PROPOSED BUDGET

Utilities Fund Analysis

Estimated Ending Utilities Fund Balance at FY 2011 - Proposed Budget		\$	2,043,348
	7% Rate Increase WATER	7% Rate Increase SEWER	10% Rate Increase STORMWATER
UTILITIES FUND REVENUES	\$ 7,062,877	\$ 3,320,756	\$ 780,385
UTILITIES FUND EXPENDITURES	\$ 7,688,784	\$ 3,380,127	\$ 1,049,347
<i>Fund Deficit by Service</i>	<i>\$ (625,907)</i>	<i>\$ (59,371)</i>	<i>\$ (268,962)</i>
	<i>Fund Deficit Total</i>		<i>\$ (954,240)</i>
2012 Fund Balance Est.		\$	1,089,108

Takeaways:

* When taking a look at how the FY 2012 Proposed Budget is divided between services in the Utilities Fund (Water, Sewer & Stormwater), you start at the top of the sheet with Estimated Ending Fund Balance of \$2,043,348.

* Revenues and Expenditures are allocated by Service Type.

* Each service is operating at a deficit even with a rate increase: 7% for Water, 7% for Sewer and 10% for Stormwater.

* Even with Rate Increases, the Utilities Fund uses \$954,240 of Fund Balance.

Committee of the Whole Agenda Item – November 22, 2011

1b) Discussion Regarding the City's Chipper Service as Requested By Alderman Buske.

Attachments:

- None

Background:

The City used to perform twice annual brush pick-up/chipper service program. That was recently reduced to only a spring clean-up. Here are the EXACT cost for providing the regularly scheduled curbside brush collection service in May and June 2011 for that one time brush/chipper program. (Note: no specials are included or all the special storm damage collections completed in July).

Labor cost \$20,610

Equipment and fuel cost \$1,899

Dumping cost \$6,439

Total cost for the program = \$28,949

Costs are in the General and Refuse Funds.

[Note: the labor costs used to be less and this was attributed to when the City had more seasonal employees funded by the General Fund and they were assigned to work in the Forestry Division. The 2011 costs for labor are based mostly on regular employee hourly rates. Using seasonal employees for brush collection several years ago allowed for some additional labor costs savings].

Staff Comments & Recommendation:

This discussion item was requested by Alderman Buske as it pertains to the FY 2012 Budget.

Committee of the Whole Agenda Item – November 22, 2011

1c) Museum

Attachments: 2008 – 2012 Museum City Expenses

Background:

2010 – Rolling Meadows Historical Museum Statistics

1,022 Visitors

3,830 Volunteer Hours

Visitors came to the Rolling Meadows Historical Museum from all across the United States and the globe to learn and experience the 1950's and the City of Rolling Meadows.

Local groups that routinely visit the museum include elementary school students, Jr. High and High School students, college students, senior citizen groups and many local organizations. In 2010, one of the largest of many tours included 195 Rolling Meadows High School students who were studying history and artifacts of the 1950's for school projects. In 2010, a group of Northwestern University film students, who utilized the museum and its artifacts, produced a film about the 1950's.

The Rolling Meadows Historical Museum's volunteers offered local programs at the Rolling Meadows Library in May and October.

In the past several years, the 1950's Kimball Hill home has been featured on CNN, CNN International, WTTW's Wild Chicago and Star TV (Canada). The 1950's Kimball Hill home is a location spot for commercials for Johnson & Johnson, McDonald's and Columbia College. The museum is a cultural and education center for Rolling Meadows' history from the time of its inception.

Listed below are a few locations where visitors came from:

Pleasant Valley, WI	Philadelphia, PA
Coon Valley, WI	Seattle, WA
Boston, MA	Milton, MI
Dearborn, MI	Frankford, IN
Stafforshire, England	Wolverhampton, England
Beaverton, OR	Ludington, MI
Meza, AZ	Chandler, AZ
Lake Geneva, WI	Kosciusiki, Poland
Hudson, OH	Portland, OR

Staff Comments & Recommendation: This discussion item was requested by Alderman Judd. As an additional note, in 2012, the City hopes and expects that the Community Events Foundation will raise funds to cover the Rolling Meadows Historical Museum's costs.

Rolling Meadows Historical Musuem: City-Paid Expenses

	2008	2009	2010	2011 - Estimated Projection	2012 Proposed Budget
Utilities (1)	\$ 2,748	\$ 1,124	\$ 2,471	\$ 3,750	\$ 3,750
Telecommunications (2)	\$ 1,137	\$ 1,455	\$ 749	\$ 1,020	\$ 1,020
Outside Repair & Maintenance (3)	\$ 155	\$ 251	\$ 4,450	\$ -	\$ -
Cleaning Service	\$ 400	\$ 1,200	\$ 796	\$ 960	\$ 960
Total	\$ 4,440	\$ 4,030	\$ 8,466	\$ 5,730	\$ 5,730

2010 Volunteer Hours	3,830
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2010 Cost Per Volunteer Hour: Expenses Divided By Volunteer Hours	\$ 2.21
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Notes:

- 1) Utilities include: ComEd, Nicor, Water, Sewer, Stormwater & Refuse
- 2) Telecommunications = Monthly telephone bill
- 3) 2010 Outside Repair & Maintenance = Museum & Ed Center painted

Committee of the Whole Agenda Item – November 22, 2011

1d) Discussion Regarding 4th of July Parade as Requested By Alderman Buske.

Attachments:

- None

Background:

FY 2011 Budget Items and Staff OT Expenses:

4th of July Parade:

Parade Budget	\$ 12,000.00
Police Overtime	\$ 1,786.87
Fire Overtime	\$ 0.00
<u>Public Works Overtime</u>	<u>\$ 2,989.24</u>
Total = \$16,776.11	

Staff Comments & Recommendation:

This discussion item was requested by Alderman Buske as it pertains to the FY 2012 Budget.

[Recap: OT expenses for the 4th of July Parade are paid by each department and for 2011 amounted to \$ 4,776.11. Parade expenses – bands, flags, clowns, giveaway’s etc,...are \$12,000 and are budgeted out of General Government (Community Events)].

Committee of the Whole Agenda Item – November 22, 2011

1e) Budget Overall (Part of the Overall Budget Discussion)

Attachments:

- Tax Levy as of November 22, 2011 and Fund Balance Overview (All Funds)

Background:

The FY 2012 Budget process is moving forward and discussion continues and here is a recap to date:

October 18, 2011 Committee of the Whole Meeting:

- The proposed \$110,087 Natural Gas Tax Revenue (1 cent per therm) was eliminated.
- The 911 Fund Tax Levy proposed increase was reduced from \$85,000 to \$42,500.
- The Passenger vehicle sticker proposal was reduced from \$30 to \$26.
- The Refuse Transfer Station revenues (tipping fees) of \$325,824 were moved from the Refuse Fund to the General Fund.
- The Local Motor Fuel Tax was increased by 1 cent – increasing from 2 cents to 3 cents per gallon of gasoline.

November 1, 2011 City Council Meeting:

- Public Hearing on Proposed Tax Levy
- Following actions taken at the November 1st City Council Meeting, on employment agreements, there is a wage savings of \$112,000 plus additional savings in overtime and uniforms in the General Fund.

November 8, 2011 Committee of the Whole Meeting:

- An ordinance was requested to be brought forth with an 18.2% rate increase for all vehicle stickers, not just passenger vehicles.
- Pension funding was discussed to increase Police and Fire Pension Funds by an additional \$400,000 to be equally split between the pension funds.
- Water and sewer rates were discussed. City Council gave direction to increase water rates according to JAWA's expense to the City (by 25%) and increase the remaining portion of the water rate by 7% (original proposal). Sewer rates were asked to be discussed at the November 22nd Committee of the Whole Meeting with a revenue target of \$1.9 million for Sewer revenue.

November 15, 2011 City Council Meeting:

- Public Hearing on Proposed Budget
- As discussed at this meeting, the Illinois General Assembly cut Personal Property Replacement Tax (PPRT) revenues in order to benefit regional superintendents – a loss to the City of \$3,200.
- A new Recycling Contract was passed with a savings about \$20,000 (on an annual basis) and \$10,000 (on a half year basis).
- 1st Reading on the following with **no** amendments:
 - Approve Tax Abatement
 - Property Tax Levy for Library
 - Approve Special Service Area #1 Tax Levy
 - Approve Special Service Area #2 Tax Levy
 - Approve Special Service Area #3 Tax Levy
 - Approve Special Service Area #5 Tax Levy
 - Approve Water Rate Increase
 - Approve Stormwater Rate Increase
 - Approve Vehicle Sticker Increase
 - Approve Transfer Station Revenues to the General Fund
 - Approve Home Rule Gasoline Tax Increase
- 1st Reading on the following with **the following amendments:**

Property Tax Levy was amended as follows (and see attached):

For Police Protection	\$	1,882,962
For Fire Protection	\$	1,882,962
For Public Works Operations	\$	547,962
For E911 Service	\$	551,500
For Police Pension	\$	2,364,222
For Fire Pension	\$	2,335,832
For IMRF Pension	\$	1,010,370
Total General Fund & 911 Fund	\$	10,575,810

Action was taken to reduce the property tax levy by \$325,824 – the amount of the Transfer Station Revenues moved from the Refuse Fund to the General Fund. The Police and Fire Pension Funding straw vote to add \$400,000 to be split evenly between Police and Fire Pensions was added to the Tax Levy. The original proposed Tax Levy for the Police Pension was \$2,164,222 and for the Fire Pension it was \$2,135,832.

Refuse Rate was amended as follows:

The Refuse Rate was proposed at \$30.90 to generate an additional \$214,444. An amendment increased the rate from \$30.90 to \$32.50 to offset the loss of the \$325,824 move of the Transfer Station Revenues from the Refuse Fund to the General Fund. The Refuse Rate will take effect on February 1, 2012.

Previous Council Action:

September 20, 2011 Committee of the Whole Meeting Budget Discussion

October 13, 2011 Committee of the Whole Meeting Budget Discussion

November 8, 2011 Committee of the Whole Meeting Budget Discussion

November 15, 2011 City Council Meeting

Recommendation: Staff requests 2nd reading of these ordinances. Second reading is scheduled for December 6th when, or if any, changes can be made at tonight's meeting to prepare those ordinances for the December 6th meeting.

Property Tax Levy for FY 2012 **PROPOSED** Budget

As of 11/15/11 City Council Meeting

	2009	2010	2011		Dollar	Percent
	<u>Tax Levy</u>	<u>Tax Levy</u>	<u>Tax Levy</u>		<u>Change from</u>	<u>Change</u>
					<u>From 10 Levy</u>	<u>From 10 Levy</u>
<u>General Fund</u>						
Police Protection	1,791,570	1,791,570	1,882,962	(4)	91,392	5.1%
Fire Protection	1,791,570	1,791,570	1,882,962	(5)	91,392	5.1%
Police Pension	1,540,998	2,039,222	2,364,222	(1)	325,000	15.9%
Fire Pension	1,577,637	2,010,832	2,335,832	(1)	325,000	16.2%
IMRF Pension	410,370	410,370	1,010,370	(2)	600,000	146.2%
Public Works Operations	441,570	441,570	547,962	(6)	106,392	24.1%
Sub Total General	<u>7,553,715</u>	<u>8,485,134</u>	<u>10,024,310</u>		1,539,176	18.1%
<u>E911 Fund</u>						
E911 Service	509,000	509,000	551,500		42,500	8.3%
<u>Debt Service Purpose</u>						
2002A Bond (expires 2017)	507,912	512,668	511,516		(1,152)	-0.2%
2005 Bond (expires 2016)	849,838	846,400	845,600		(800)	-0.1%
Sub Total Debt Service	<u>1,357,750</u>	<u>1,359,068</u>	<u>1,357,116</u>		(1,952)	-0.1%
Total City	<u><u>9,420,465</u></u>	<u><u>10,353,202</u></u>	<u><u>11,932,926</u></u>		1,579,724	15.3%

* levied separately within the original bond ordinance.

Notes:

- (1) The actuarial determined amounts for Fire and Police Pension Funds' tax levies are based on the same FY2011 budgeted amount, as the City has not received new numbers from the Dept of Insurance. Last year was partially funded by a \$250,000 transfer from Fund 61, Local Roads.
- (2) City (Employer) Liability for IMRF in 2010 was approximately 1,030,000. Last increase was the 2003 levy.
- (3) All three pension funds are funded below what is considered acceptable. Police & Fire are funded under the 55% threshold as required by state statute.
- (4) Police Protection--last increase was for the Tax Levy for 2006.
- (5) Fire Protection--last increase was for the Tax Levy for 2006.
- (6) Public Works Operations--tax levy is maintained at the amount to which it was reduced in 2005.
- (7) Tax Levy Amended at the November 15, 2011 City Council Meeting - Property Tax Ordinance 1st Reading

Property tax estimate increase by household - based on total dollar tax bill paid:

	<u>Total Tax Bill</u>	<u>City Share</u>	<u>Tax Increase</u>
\$	2,500	\$ 381	\$ 58
	3,000	458	70
	4,000	610	93
	5,000	763	116
	6,000	915	140
	7,500	1,144	175
	9,000	1,373	210
	10,000	1,526	233

**CITY OF ROLLING MEADOWS
FUND BALANCE SUMMARY - FY 2012 ORIGINAL PROPOSED BUDGET**

FUND NAME	BGN BALANCE	REVENUES	EXPENSES	OVER (UNDER)	END BALANCE
General (01)	\$ 331,742	\$ 26,312,509	\$ 26,130,659	\$ 181,850	\$ 513,592
Motor Fuel Tax (03)	1,795,393	676,100	1,634,000	(957,900)	837,493
E911 (04)	(306,289)	754,000	728,092	25,908	(280,381)
Debt Service (47)	(185,152)	1,940,568	1,942,073	(1,505)	(186,657)
Local Road (61)	254,050	2,832,101	2,590,829	241,272	495,322
TIF # 1 (18) Kirch/Meadow	690,640	65,100	148,028	(82,928)	607,712
TIF # 2 (37) Kirch/Owl	(711,439)	390,050	547,813	(157,763)	(869,202)
TIF # 3 (50) Algon/53	121,890	110,020	82,102	27,918	149,808
Transit Development (41)	394,256	133,195	26,000	107,195	501,451
Utilities (20)	2,043,348	11,164,018	12,118,258	(954,240)	1,089,108
Refuse (16)	232,000	2,493,188	2,440,587	52,601	284,601
Garage (14)	106,786	1,186,165	1,263,114	(76,949)	29,837
Vehicle-Equip (25)	555,936	1,170,000	1,241,406	(71,406)	484,530
Building & Land (33)	(65,014)	529,100	368,844	160,256	95,242
Liability Insurance (23)	56,367	792,369	825,000	(32,631)	23,736
Health Insurance (45)	(301,557)	4,575,475	4,231,277	344,198	42,641
TOTAL ALL CITY FUNDS	\$ 5,012,957	\$ 55,123,958	\$ 56,318,082	\$ (1,194,124)	\$ 3,818,833

The Fund Balance Summary listed above is a breakdown of all funds per the FY 2012 Original Proposed Budget.

FUND BALANCE SUMMARY - FY 2012 UPDATED PROPOSED BUDGET

FUND NAME	BGN BALANCE	REVENUES	EXPENSES	OVER (UNDER)	END BALANCE	
General (01)	\$ 331,742	\$ 26,599,222	\$ 26,359,448	\$ 239,774	\$ 571,516	(1)
Motor Fuel Tax (03)	1,795,393	676,100	1,634,000	(957,900)	837,493	
E911 (04)	(306,289)	711,500	728,092	(16,592)	(322,881)	(2)
Debt Service (47)	(185,152)	1,940,568	1,942,073	(1,505)	(186,657)	
Local Road (61)	254,050	2,775,101	2,590,829	184,272	438,322	(3)
TIF # 1 (18) Kirch/Meadow	690,640	65,100	148,028	(82,928)	607,712	
TIF # 2 (37) Kirch/Owl	(711,439)	390,050	547,813	(157,763)	(869,202)	
TIF # 3 (50) Algon/53	121,890	110,020	82,102	27,918	149,808	
Transit Development (41)	394,256	133,195	26,000	107,195	501,451	
Utilities (20)	2,043,348	11,621,718	12,118,258	(496,540)	1,546,808	(4)
Refuse (16)	232,000	2,473,264	2,440,587	32,677	264,677	(5)
Garage (14)	106,786	1,186,165	1,263,114	(76,949)	29,837	
Vehicle-Equip (25)	514,216	1,170,000	1,139,406	30,594	544,810	(6)
Building & Land (33)	(65,014)	529,100	368,844	160,256	95,242	
Liability Insurance (23)	56,367	792,369	825,000	(32,631)	23,736	
Health Insurance (45)	(301,557)	4,575,475	4,231,277	344,198	42,641	
TOTAL ALL CITY FUNDS	\$ 4,971,237	\$ 55,748,947	\$ 56,444,871	\$ (695,924)	\$ 4,275,313	

Notes:

Fund Balance in the funds, shown with footnotes, have been updated to reflect budget amendments.

(1) General Fund: \$110,087 Gas Tax Eliminated; Refuse Transfer Station Revenues \$325,824 moved to General Fund from Refuse Fund; Wage Savings of \$112,000 from Employment Agreements; PPRT was reduced by \$3,200.

(2) E911 Fund: The original proposed property tax increase for 911 was reduced from \$85,000 to \$42,500.

(3) Local Road Fund: Local Motor Fuel Tax increase from \$230,000 to \$345,000; Vehicle Sticker revenue increased from \$365,000 to \$428,000.

(4) Water, Sewer & Stormwater Rate Increases were added.

(5) Refuse Rate Increase was added. Recycling decrease added.

(6) The Police Department squad cars were purchased in 2011 adding a \$60,000 savings to Vehicle & Equipment Replacement Fund.

Committee of the Whole Agenda Item – November 22, 2011

1e) Budget Overall (continued).

Attachments:

- None

Background:

The following is follow-up from the November 8th Committee-of-the-Whole meeting (the summary background is from discussions with the City Manager and department head memos to the City Manager).

[Note: Some of these items if cut will create reductions in services and effect critical staffing].

General Government

City Manager & Human Resources – eliminate PT employee (just announced retirement). Cost savings of \$30,000. Staff will reorganize and shift priorities & tasks to make this work.

Video Production – eliminate the entire program - \$21,338.

Community Development

Economic Development – eliminate the \$10,000 that has been placed in professional services for the “Consultant – New Businesses” (01.05.8655.54610).

Fire Department

Over the years, the Fire Department has worked hand-in-hand with the policymakers of the City to establish a service level that the community has come to expect. Appropriate funding is essential to providing adequate staffing, administrative support, vehicles and facilities to support our daily operations. The Fire Department is eager to work with the City Council to find solutions to the economic situation we face as we struggle to maintain critical services. Further reducing the funding allocated in the Fire Department budget will greatly reduce their ability to deliver these services. Staff has the overall duty to the citizens, the elected officials and the Fire Department overall to clearly identify the risks associated with changing the level and quality of emergency service we provide to the community.

The Fire Department has been directed to provide options for further reductions in operating expenses. These proposed cuts will require a philosophical change in the way fire and emergency medical service is delivered to the citizens of Rolling Meadows. The depth of this new round of cuts

goes beyond the Department's ability to make operational changes that do not impact the safety of the citizens. Essentially, we are to the point where a policy decision will need to be made regarding what level of fire and emergency service is expected to be provided to the community.

In terms of our current fire and emergency medical service, the question becomes, which part of our fire department can the community do without? Which roles? Which tasks? At which station should staffing be dropped and most critically, which people will be affected? What critical oversight and administrative functions will we continue to be understaffed? What part of the Fire Department is not needed?

Staff is sure that you would agree that these are difficult questions and, as such, you rely on the Fire Chief to give you options and define the risk associated with those options so that the policy makers in the City can make good decisions. Making these decisions even more difficult is the fact that we (staff and elected officials) most likely won't be personally affected by our decisions. Odds are we won't be the ones that have the fire or the heart attack. But history has demonstrated that the next tragic fire or delayed medical response will occur, be critiqued, and someone will be held accountable for the set of circumstances that contributed to a less than desirable outcome. In Staff's opinion, any further reductions in fire department funding would place the department and the community at significant risk.

As directed, Staff has prepared a list of options that could be implemented by the City Council in an effort to meet the funding gap in our current year's budget.

Option #1: Reduce overtime expenditures by dropping below minimum staffing. (\$83,000)

This option would include running below our current minimum staffing levels when staffing levels drop due to sick time, retirements, injuries or extended leaves. In effect, staffing levels at Station 16 would be reduced from the current level of 5 to either 4 or 3 based on the daily operational adjustments that would need to occur.

Risk to the community:

- Reduced staffing would impact the number of emergency medical and fire personnel available for citywide response, directly affecting the safety and well-being of the residents.
- The department's ability to initiate effective medical care would be reduced on the initial and simultaneous calls for assistance as additional personnel will be responding from remote locations.
- The department's ability to reciprocate with our current auto aid agreement communities (Arlington Heights, Palatine, and Palatine Rural) will be diminished, jeopardizing these valuable resource-sharing and cost-reducing ventures.
- Reduced staffing would impact our ability to comply with OSHA guidelines for initial fire attack. Crews would not be able to enter a structure until other responding units arrived and were assembled at the scene. This change would place the citizens and the firefighters at increased risk. Delayed interior fire attack also translates into higher property loss levels as well.
- Reduced staffing will surely result in a lower ISO classification. This rate reduction will have a significant impact on the businesses in the community in terms of increased insurance premiums.

Impact on department operations:

- Any reduction in staffing will impact the ability of the department to fulfill the mission of the fire department which is to protect people and property.
- The first few minutes of an emergency incident are critical and often determine the overall outcome of an incident (a saved life, reduced hospital stay, reduced property damage). Limiting our initial resources will have a dramatic impact on our ability to assemble an effective initial fireground or emergency scene operation.

Option # 2: Reduce funding for vehicle and equipment fund (\$123,000)

Not recommended by Staff overall and will effect the Vehicle and Equipment Fund significantly. Reducing funding in this budget category would simply push back some of the capital expenditures for vehicles and equipment. This approach would give the Fire Department a chance to re-evaluate some of the major capital expenses to see if it would be more prudent to look at financing some of these expenses, especially during these tight economic times.

Risk to the community:

- Lengthening the life of emergency equipment makes it less reliable, which over time, increases the chance of breakdown during emergency scene operations.
- Extending an emergency vehicles' service life increases the safety risk to the community during emergency response.
- Increasing the life span of the fleet may increase overall maintenance costs and the burden on the taxpayer.
- In some cases delaying these purchases may result in higher purchase costs in future years.

Impact on department operations:

- Extending an emergency vehicles' service life does increase the risk of mechanical failure during emergency response and emergency scene operations.
- Extending the service life of vehicles and equipment reduces its reliability, which may impact our ability to deliver services effectively.
- Increased frequency of repairs puts an operational strain on the organization.
- Extending the service life of vehicles and essential equipment is unsafe for the firefighters and exposes the city to additional liability.
- Extending the service life of vehicles and equipment makes it difficult for the department to comply with changing industry standards and regulations.

Option # 3: Leave logistics (previous clerical) position unfilled (\$30,000)

This position has remained unfilled since March of 2009. Over this time period, some of the functions of this position have been taken on by the Chief and Deputy Chief. In addition, some of the duties related to this position have been shifted to City Hall and decentralized within the organization. Continuing to leave this position vacant is a concern from a customer service perspective and operational efficiency standpoint.

Risk to community:

- Residents and business owners do not get timely answers to their inquiries such as:
 - Code enforcement issues
 - Public education program inquiries
 - Requests for copies of reports
 - General questions or concerns
- Residents and business owners often find administrative offices unattended during business hours, requiring a second trip back or a follow-up phone call.

Impact on department operations:

- Chief and Deputy Chief pulled away from their primary areas of responsibility to do clerical work.
- The department's ability to comply with FOI requests is diminished.
- Critical clerical functions are decentralized causing additional process and confusion.
- This position vacancy presents problem for effective flow on information both interdepartmental and among outside agencies and other city departments.
- This vacancy has presented difficulties in the maintenance of fire department records, reports and filing system.

Option # 4: Leave Training Officer Position unfilled (\$30,000)

The Rolling Meadow Fire Department must comply with a host of training standards regulated by a number of agencies including the Illinois Department of Labor, Insurance Services Organization, National Fire Protection Agency, Illinois Department of Public Health and Northwest Community Hospital. In addition to these requirements, the Office of State Fire Marshall requires that each firefighter complete at least 240 hours of fire training annually in over 30 different subject areas. The lack of a dedicated training officer has decreased our ability to keep up with changes in technology and provide consistent quality training to department members.

Risk to community:

- Training is essential to providing consistent quality service.
- Training is critical to reducing liability and risk to the community.

Risk to department operations:

- Training is critical to keeping the workforce updated on changes in technology and best practices.
- Training is one of the key components in helping our members expand their knowledgebase and refining their hands-on skills.
- A comprehensive training program must be maintained to keep us in compliance with state and federal mandates.
- Training is essential to reducing emergency scene injuries.

- Training allows us to constantly evaluate our performance to assure corrective measures can be taken to increase the safety and effectiveness of our operations.

Option # 5: Line Item Reductions (\$11,300)

01-04-2400-56100 Uniforms and Clothing

Gloves Helmets Patches etc.	\$ 2,300
Turn Out Gear	\$ 9,000

These line items were included in the 2012 budget anticipating several retirements during the year. I would feel comfortable removing these line items with the understanding that if retirements do occur these expenses might have to be absorbed by other budget categories or a request may be made for additional funding depending on the circumstances.

Police Department

The 2012 police budget, although reduced to meet the city’s current financial reality, was also in response to a slimmed down organization. The police department is smaller thus the need for some support items has already been reduced. The fact that the police department has slimmed down does not shrink our obligations to support those continuing to provide public safety services to the City. An additional 200K in reduction when coupled with the reductions already made will have service implications.

- ❑ Still provides 24 hour a day 7 day a week police patrol,
- ❑ Continues to insure timely **emergency** response only,
- ❑ Leaves in place **most** essential and most desired policing services,
- ❑ Provides adequate training, equipment, supervision and administration to provide the community with **basic** policing services in 2012.

The following budget reductions outlined have systematic implications that affect future police services provided to the public. As a result of a review of the 2012, the following program/line item cuts:

Elimination of the Trap Neuter Release Program = **\$5,000**.

Staff Reductions

Part 1:

Crossing Guard Program (\$65,000)	(\$65,000)
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More municipalities are cutting or reducing this service seeing that the schools have still not participated or financially supported. (Mount Prospect eliminated all crossing guards on January 1, 2010).

Part 2:

(2) Part-time Police Assistants (27,877)	(\$55,754)
(1) Full-time CSO (56,635)	(\$56,635)
(2) CSO's to part-time status (\$14,285)	(\$28,570)

As a result of personnel cuts in part 2 the service reduction are as follows:

- A police officer from each shift will be reassigned from the street to staff the desk,
- The gang specialist position will be reassigned to shift-street uniform duties to cover desk assignments,
- Non-Emergency street response codes will be modified to:
 1. Private Property and on-street (accidents) crash reports will be taken as desk, phone, mail-in or on-line only status. Police response in cases of injuries, obstructed roadways or impaired driving only.
 2. All non-essential and not in-progress (misdemeanors/local ordinance) complaints will be desk, phone, mail-in or on-line only status, no police response. Examples: Annoying/Harassment by telephone, damage to property/vehicle, neighbor complaints, parking complaints, thefts.
 3. The neighborhood speed enforcement program (including speed survey's and speed trailer services) will be reduced significantly.
 4. The Police Department will no longer take turned in property reports,
 5. City employee's background and Liquor License investigations will be outsourced. Police employee's backgrounds will continue.
 6. Animal complaint response will be limited to dogs only; the TNR program (\$5,000) will be cut (as mentioned above). Wildlife calls will be outsourced or referred to private companies.

The balance of the cuts will come from a 5% across the board cut in Contractual Services and Supplies or around \$45,728.

Public Works

In order of priority (in descending order, with last items being least recommended for reduction):

<u>Division</u>	<u>Item for Reduction</u>	<u>Proposed Budget \$</u>	<u>Reduction</u>	<u>Remainder</u>
1 Admin/Facilities	Senior Snow Removal Program	\$15,000.00	\$15,000.00	\$0.00
2 Admin/Facilities	Awards	\$750.00	\$750.00	\$0.00
3 Admin/Facilities	GIS Inspections	\$1,500.00	\$1,500.00	\$0.00
4 Admin/Facilities	Seminars	\$3,385.00	\$3,385.00	\$0.00
5 Streets/Forestry	Seasonals (4)	\$24,000.00	\$12,000.00	\$12,000.00
6 Streets/Forestry	Tree Replacements (EAB)	\$7,500.00	\$7,500.00	\$0.00
7 Streets/Forestry	New Trees (Replacements)	\$7,500.00	\$7,500.00	\$0.00
8 Streets/Forestry	Contract Tree Pruning	\$20,000.00	\$10,000.00	\$10,000.00

9 Admin/Facilities	Overtime	\$7,000.00	\$4,000.00	\$3,000.00
10 Streets/Forestry	Overtime (Snow)	\$70,000.00	\$10,000.00	\$60,000.00
Subtotal			\$71,635.00	
11 Streets/Forestry	Maint. C Vacant Position #1	\$70,000.00	\$60,000.00	\$10,000.00
12 Streets/Forestry	Maint. C Vacant Position #2	\$70,000.00	\$60,000.00	\$10,000.00
Subtotal			\$191,635.00	
13 Admin	Inspection Supervisor	\$131,000.00	\$22,000.00	\$109,000.00
Potential Reductions			\$213,635.00	

Notes:

1. Senior Snow Removal Program can continue, but without City subsidies. Current price without subsidy is \$35 per event.
2. Awards – Fund costs from Utility Fund in 2012.
3. GIS Inspections – Fund costs from Utility Fund in 2012.
4. Seminars – Reduce cost, fund essential costs from Utility Fund in 2012.
5. Seasonals – Preference is to retain funding at least 2 positions in 2012, given hiring deferral of 2 vacant positions until end of 2012. (Notes # 10 & 11 below)
6. Tree Replacements (EAB) – No new trees in 2012 for any ash trees removed.
7. Tree Replacements – No new tree planting in 2012 for other tree removals by death, disease, storms from 2011 or 2012 occurrences.
8. Contract Tree Trimming – Defer part of needs; attempt to perform more work in-house, especially if 2 seasonal positions are filled and if curbside chipper service would be eliminated.
9. Overtime/Administration – Eliminate office coverage during snow storms and other emergency weather events or utilize a comp time system.
10. Overtime/Streets – Reduction in routes during snow storm events, reduction in post-event clean up efforts except during regular working hours, reduction in overnight storm response when possible.
- 11&12. Vacant Positions – Defer the two Street Maintenance position hiring's to October 2012.
13. Retirement for Inspections Supervisor effective November 1, 2012.

Staff Comments & Recommendation:

This discussion item was requested by the City Council at the Committee-of-the-Whole meeting of November 8th.

Committee-of-the-Whole – November 22, 2011

2) Discussion Request for Proposals – All Solid Waste and Yardwaste Services:

The request for proposals for all solid waste services should include a service level equal to the City's current solid waste and yardwaste collection program. However, in an effort to obtain the most favorable contract pricing possible, and to understand the cost for services, the proposals should be considered to include some or all of the following options:

- Pricing options for instituting a Yardwaste Sticker Program, so that only resident who use the service are required to pay for the service.
- White-Goods and other bulky material to be collected on a fee based system.
- A migration to Standardized containers (refuse carts) at sometime during the contract.
- Billing services to be provided by the vendor, so that the costs of solid waste collection services are completely removed from the City Budget.
- Awarded vendor to purchase, maintain and replace all city owned recycling carts.
- Awarded vendor to assume remaining liability for the original purchase of the existing refuse carts.
- Awarded vendor to provide pricing for purchasing City own trucks.
- Awarded vendor to provide alternate pricing (discount) programs, for Council consideration.
- Determination will need to be made as to how to pay the City's liability for the SWANCC Debt Service.
- Public Works labor force effect (discussion below).

Determination will also need to be made as to whether or not the following programs will remain in the Refuse Fund or be moved to some other fund:

- Street Sweeping Debris
- SWAP Operations & Overtime
- Downtown & City Buildings Refuse Containers
- Brush Collection Services – Annually scheduled.
- Emergency response for storm damage, prolonged power outages, or other occurrences which cause significant increases in refuse or yardwaste volumes. On average this has been occurring 1 – 2 times per year and at a substantial cost to the Refuse Fund.

The Refuse Fund also has been providing cash transfer payments in the operating budget to support other City Funds including:

- General Fund
- Building & Land Fund
- Liability Insurance Fund
- Health Insurance Fund
- Vehicle Replacement Fund

It has been assumed that a refuse collection company may hire the City's current Refuse Division employees, as part of an outsourcing effort. This has been found to quite likely be an "empty promise". All of the local refuse hauling companies employ unionized laborers. And these laborers are assigned to work on a seniority bases, therefore any City employees that might be offered jobs would have the lowest seniority and would be the first to be laid-off, or be reclassified as seasonal, temporary or "fill-in" labor; or these employee may be transferred to remote locations in the vendor's service area. Therefore the Public Works Department should first be directed to review all of its internal staffing needs as part of such a process, and if in the case the refuse service is contracted out, a proposal for future staffing will need to be developed and reviewed. At this time the Public Works Department is carrying three (3) vacant positions as the result of the Voluntary Separation Incentive Program

The value of the City's existing refuse collection vehicles will also need to be determined. Staff has contacted several third-party used equipment dealers in an effort to begin to establish the true and best value of the four refuse packer trucks. This information will allow the City to determine whether or not to list the equipment for sale in the pending RFP, to sell the equipment out right, or to take the equipment to auction. Which ever decision the City ultimately determines should be in the best interest of the City and not necessarily in the best interest of a vendor.

Additional contract requirements may be identified by Council or by staff as the Request for Proposals are finalized.

See the attached report (dated 11/2/11) on Refuse Obligations as budgetary considerations, and further discussion needs.



Inter Office Memorandum

Date: November 2, 2011
To: Barry Krumstok, City Manager
From: Fred Vogt, Director of Public Works
CC: Bob Hartnett, Assistant Director of Public Works
Subject: Refuse Operations - Potential External Cost Obligations

Regardless of whether or not Refuse Collection and Yardwaste is outsourced or kept as a City service, the City has a number of fixed costs associated with the Refuse Fund operations, as follows:

<u>Fixed Costs</u>	<u>Resident Monthly Cost</u>	<u>Annual Cost</u>	<u>Debt</u>
Service (carts) to 2017	\$0.51	\$ 36,475	
Admin/Finance Staff, Bank Fees, Postage, Bills	\$0.83	\$ 59,360	
SWANCC Debt Service	\$0.84	\$ 60,075	
Street Sweeping Debris	\$0.08	\$ 5,720	
SWAP Operations & Overtime	\$0.06	\$ 4,290	
Replacement Carts	\$0.03	\$ 2,145	
Downtown & Buildings Refuse Containers	\$0.01	\$ 715	
Special Storm Damage Collections (average)	\$0.25	\$ 17,880	
Building & Land Chargeback*	\$0.52	\$ 37,190	
Liability Insurance Chargeback*	\$0.50	\$ 35,760	
Administrative Fees*	\$5.44	\$389,070	

*These are currently revenues to other City funds. How will they be replaced in the event the City's Refuse Fund is eliminated?

Out of Pocket Costs – To be provided by a contractor

Recycling Contract	\$3.88	
Yardwaste Tipping (Dump) Fees	\$1.05	
Refuse Tipping (Dump) Fees-SWANCC	\$7.69	
Refuse Tipping Multi-Family (\$71,000 reimbursed)	\$1.00	
Refuse Curbside <u>collection</u>	To be determined by proposals	
Yardwaste Curbside <u>collection</u>	To be determined by proposals	

The following costs would go to the outsourcing provider or be eliminated:

	<u>Resident Monthly Cost</u>	<u>Annual Cost</u>
Vehicle Maintenance	\$1.85	\$132,310
Vehicle Replacement	\$1.60	\$114,430
Misc. PW Costs...tools, etc.	\$0.10	\$ 7,150
Salary (5)	\$5.05	\$361,175
Benefits (5) inc. health ins, IMRF, etc.	\$2.45	\$175,225
Overtime	\$0.25	\$ 17,880
Seasonal Workers (2)	\$0.22	\$ 15,735

If we are to assume that a recent \$23-24 verbal “ballpark” quote for “Cadillac” refuse collection services is inclusive of refuse, yardwaste, and recycling collection, and is inclusive of dumping fees for refuse and yardwaste (currently at \$8.74/month per home, per FY2012 Budget) then the City’s “fixed” costs of \$2.61/month would need to be added to the future received quoted vendor costs for comparison purposes. Additionally, \$6.46/month (\$462,000 annually) needs to be replaced in the General Fund and Utilities Fund revenues!

If the price quoted at \$23-24 is not inclusive of dumping costs, this would drive overall costs even higher, to approximately \$30/month. Should all Refuse/Yardwaste/Recycling collection operations be contracted out in the future, it will need to be determined what portion of the “Administrative Fees” needs to be retained, and what cost increases will need to be absorbed by the General Fund and/or by the Utilities Fund.

The impact of the outsourcing of Refuse/Yardwaste collection operations on the General Fund would be significant based upon the lost “revenue” from Refuse Fund, the possible retention of several refuse employees (into positions still vacant by the early-retirement incentive program), the loss of Building & Land Chargebacks, the loss of Liability Insurance Chargebacks, etc.

Again, for reference, attached is the “2010 Refuse Survey Pricing Comparisons” of the 9 municipalities that originally responded with information, and the 5 additional responses received at a later date.

Final note to keep in mind: The Village of Streamwood Refuse/Yardwaste/Recycling contract, cited at the previous Committee-of-the-Whole meeting as a comparison, provides for the service provider to use its own local transfer station, is not a member of SWANCC, has no recycling rebate program, and is without any internal fixed costs; all significant cost reductions available to them in comparison to Rolling Meadows.

In moving forward with Refuse outsourcing cost data collection and proposals, we need to be sure to do everything possible to be able to make “equitable” comparisons in service levels being offered, both between competing vendors and between existing City services that have been provided over the years. A suggestion offered is to form a working committee consisting of Public Works, Finance staffs and one or two aldermen to serve in the preparation of specifications and review of proposals received.

2010 Refuse Survey Pricing Comparisons

	SWANCC Member	Refuse Collection	Yard Waste Collection	Yard Waste Sticker Program	Recycling	Street Sweeping	Brush Collection	SWAP 600 Man Hours	Monthly Rate	Property Tax Subsidy
Arlington Heights	Yes	\$20.34	\$9.10	Yes @ \$1.95	\$3.54	N/A	N/A	N/A	\$32.98	No
Pricing for Arlington Heights inclusive twice a week collection for refuse.										
Bartlett	No	\$11.08	\$12.83	Yes @ \$2.75	\$4.92	N/A	N/A	N/A	\$28.83	No
Deerfield	No	\$6.50	\$9.33	Yes @ \$2.00	Included in Refuse cost	N/A	N/A	N/A	\$15.83	Yes
Des Plaines	No	\$10.98	\$3.73	No	\$4.87	N/A	N/A	N/A	\$19.58	Yes
Elk Grove Village	Yes	\$17.22	\$9.33	Yes @ \$2.00	Included in Refuse cost	N/A	N/A	N/A	\$26.55	No
Additional Notes for Elk Grove: Waste Management is the Contractor - they bill the resident directly ever 3 months - they do not provide for the collection of appliances										
Hanover Park	No	\$14.70	\$10.00	Yes @ 2.14	\$4.13	N/A	N/A	N/A	\$28.83	No
Highland Park	No	\$23.36	\$9.43	Yes @ 2.02	\$5.47	N/A	N/A	N/A	\$38.26	No
Hoffman Estates	Yes	\$13.64	\$10.97	Yes @ 2.35	\$4.11	N/A	N/A	N/A	\$28.72	Yes
Mt. Prospect	Yes	\$7.16	\$10.50	Yes @ \$2.25	\$3.63	N/A	N/A	N/A	\$21.29	Yes
Niles	Yes	\$6.46	\$9.33	Yes @ \$2.00	\$3.58	N/A	N/A	N/A	\$19.37	No
Park Ridge	No	\$8.56	\$3.11	No	\$3.28	N/A	N/A	N/A	\$14.95	Yes
Roselle	No	\$8.04	\$10.50	Yes @ \$2.25	\$3.57	N/A	N/A	N/A	\$22.11	No
Schaumburg	No	\$8.87	\$3.01	No	\$3.94	N/A	N/A	N/A	\$15.82	Pending
Schaumburg to collect 100% refuse collection fees from property taxes beginning in 2011										
Streamwood	No	\$9.20	\$3.11	No	\$4.08	N/A	N/A	N/A	\$16.39	No
Rolling Meadows	Yes	\$17.31	\$3.83	No	\$3.53	\$1.01	\$1.01	\$0.77	\$24.67*	No

*Note: Several fixed costs were not included in cost calculations for this survey data in 2010 report. Total rate in 2010 was \$27.46.

Committee of the Whole Agenda Item – November 22, 2011

3) TIF and Marketing.

Attachments: None

Background:

Moved from the November 8th Committee-of-the-Whole meeting.

Following up from the September 20th Committee-of-the-Whole meeting, the proposal before you is to do some marketing out of the TIF Funds.

In the “Proposed FY 2012 Budget:”

Elimination of \$10,000 in the General Fund (01.05.8655.54610 Professional Services under Community Development – Economic Development) which was for a Consultant – New Business. (Note: Also proposed in the Staff cuts).

Insertion of \$10,000 into TIF# 1 (Kirchoff & Meadows) into account 18.05.8655.54610 Professional Services for marketing.

Insertion of \$5,000 into TIF# 2 (Kirchoff & Owl) into account 37.05.8655.54610 Professional Services for marketing.

Insertion of \$10,000 into TIF# 3 (Algonquin & Route 53) into account 18.05.8655.54610 Professional Services for marketing.

[Staff Update as of November 17th: The “note” for the area is under contract and Staff will be talking to the firm soon, followed by an update to the Economic Development Committee. The developer who has the contract on the “note” feels he may quickly try to purchase the property. If he is successful then he would like to utilize TIF money for the environmental clean-up (staff recommends encumbering all the money for demo/clean-up/marketing). This all comes down to timing – December 31st will be here soon].

Staff Comments & Recommendation:

Move ahead with changes to the TIF’s and including demo and environmental clean-up to TIF# 1. Marketing would be completed for the downtown (where TIF# 1 and TIF# 2 are located) and the Algonquin Road & Route 53 area (TIF# 3).

Committee of the Whole Agenda Item – November 22, 2011

4) Municipal Electricity Aggregation

This item was pulled at the November 8th meeting.

"Municipal electricity aggregation" is a fairly straightforward concept -- buying power improves when pools of people get together to make purchases. The purchase of health insurance through common pools is just one example. Recently in Illinois, a process has become available for entire municipalities to get together, both residents and businesses, into one big buying pool for electricity. The idea is that such a large pool would be attractive to electricity suppliers, and the suppliers would be willing to bid for the business by offering lower rates than individual customers get on their own.

There are two methods for putting together a municipal pool of electricity customers: opt-in and opt-out. Under an opt-in system, people sign up as individuals to be part of the pool of customers. Under the opt-out system, all residents and businesses are automatically put in the pool unless they request to be excluded. As a practical matter, the pools are much larger (and have more buying power) under an opt-out program than under an opt-in program.

The opt-out program requires approval through a public referendum. A municipality cannot just declare that all its residents become part of a collective without asking them directly through a referendum. Placing a referendum on the ballot is an easy procedure, but informing the public about the pros and cons of the referendum is a far larger task. Municipalities that undertake this process typically hire a consultant firm to run the referendum "campaign."

If the Council chooses to pursue the idea of aggregation, the selection of a firm would be one of the first orders of business. Most of the consulting firms do not charge the municipality directly for their services. If the referendum fails (only three of the twenty-four referenda in Illinois this year failed), the consulting firm gets no reimbursement for their expenses. If the referendum passes, the consulting firm gets reimbursed through the fees paid to them by the electric supplier that is eventually chosen later in the process.

If the Council proposes a referendum and the referendum passes, the drafting of a legal document and the bidding process for a supplier take place over the following few months. The consulting firm typically performs these functions and, again, are compensated in the process by the electricity supplier, not the municipality. In addition, the city receives a nominal fee for being the agent that makes the aggregation process possible.

On the other side of the discussion are two main points. First, a competing process does exist for individuals to obtain lower rates by themselves. Numerous firms can obtain lower rates for individual customers without having a big public process that must be

followed. If the rates are in the same ballpark as the rates that can be obtained through the aggregation process, then customers can obtain better rates without all the bother of the aggregation process. Second, as the Citizens Utility Board phrases it, "the jury is still out" on whether or not the rates obtained through aggregation make the process worthwhile.

Does the Council wish to give the staff direction to begin finding a consultant for the process?

If so, would the Council choose the opt-in or opt-out approach?

If not, would the Council choose to take an active role in publicizing the individual approaches for residents to obtain lower electricity rates?

Committee of the Whole Agenda Item – November 22, 2011

5) Economic Development/Resident Refund Program.

Attachments: None

Background:

This item was pulled at the November 8th meeting.

The proposal is to offer any resident a 25% refund on any building project of at least \$25,000. This rebate would be refunded once the final certificate of occupancy/project is completed. An additional 25% would be refunded for using any Rolling Meadows tradesman/contractor for at least 50% of the project. The idea here is to encourage home and business improvement as we increase assessments on the value of improved property

This program would start on January 1, 2012.

Again, reimbursements would happen after final inspection and certificate of occupancy is provided. (If a certificate of occupancy is not received after two years of work there would be no refund). Money would be paid directly to homeowners.

Example:

<u>Permit Fee:</u>	
Building Permit	\$261.00
Plan Examination	\$ 25.00
Electrical Permit	\$ 60.00
Plumbing Permit	\$ 60.00
<u>Regular Cash Bond Refundable:</u>	<u>\$145.00</u>
TOTAL Permit Fee =	\$551.00

Total to be discussed would be \$406.00 so utilizing this scenario; the resident would receive \$101.50 at 25% or \$203.00 at 50% (individual utilizes a Rolling Meadows tradesman/contractor).

Alderman Cannon hopes that this will start a discussion on the merits of this proposal.

Staff Comments & Recommendation:

None at this time, but we hope that refunds would not be given during the same fiscal year.

Committee of the Whole Agenda Item – November 22, 2011

6) Propose to sell the City's Algonquin Road Property.

Attachments: None

Background:

This item was pulled at the November 8th meeting.

Propose to sell the City's Algonquin Road site that was to be the 3rd fire station, and deposit that money into an account so it can be utilized later for a replacement for Fire Station # 15. This money would not be deposited into any other current Fund.

If approved, the City would still need an appraisal of the property. Then the property would be up for sale.

[PROPERTY: East of 2701 Algonquin Road (aka Fire Station #17 site). Two lots, one is 60' by 300' lot - approximately 18,000 s.f. The second lot is 20' x 300' - approximately 6,000 s.f.]

Alderman Cannon hopes that this will start a discussion on the merits of this proposal.

Staff Comments & Recommendation:

Last discussion was at the January 18th Committee-of-the-Whole meeting. No recommendation at this time, but as stated in the January meeting, this may not be the right time to sell property.