FY 08-09 BUDGET

Second Budget Workshop
January 26, 2008
Agenda

• Review any questions about budget memos from the last meeting
• Discuss options for reducing the property tax levy
• Discuss General Fund proposed revenues
Policy Direction

Which is a higher priority: a single digit tax levy increase or retaining all current services?

Either choice requires revenue enhancements.
2008 Proposed Property Tax Levy

- Currently proposed at a 15.15% increase in the City’s portion of the tax levy, which is a 3% increase to a homeowner total property tax bill
- Property tax rate is expected to be $1.52 with all of the increases, the same as 2006
- Staff has prepared four options which include several scenarios to reduce the property tax levy for your consideration
Option #1

• Adjustments to revenues based upon a final review through January 22, 2008
  – Add $30,000 in Fire Alarm revenues
  – Add $500,000 to personal property replacement taxes, based upon updated information from state
  – Add $37,000 in Plan Review revenue

• Assumes the appointment of a Blue Ribbon Panel to study the pension issue, with a decision on the final tax levy no later than Fall 2008
Option #1 (Continued)

• Reduce expenditures
  – Combine Emergency Preparedness position with a Division Chief in the Fire Department - ($117,000)
  – Add back Fire Plan Reviewer position - $91,500
  – Decrease health insurance costs - ($300,000)
  – Other minor adjustments - ($70,800)

• Increase transfer for 2008 pension taxes by $963,300

• Results in a dollar increase in the levy of 12.39%

• Does not require any cut in services or other new revenues other than those already proposed for the General Fund
Option #2

- Same revenue & expenditure changes as in option #1
- New revenue proposed: Yard Waste Sticker - $200,000
- Use of $1 million of fund balance to lower property tax levy in pension funds
  - Does not comply with budget policy (any excess fund balance is to go to fund reserves and then capital outlay first)
  - Does not address the long term financing of pensions
  - Will result in loss of interest income $50,000 to GF
  - Will need to borrow $1 million more for CIP
- Results in a property tax increase of 8.94% in dollars but a 1.77% increase in property taxes to homeowner
Option #3

- Same revenue & expenditure changes as option #2
- New revenue proposed-Food & Beverage Tax - $500,000
  - Dedicated to funding the police and fire pensions only
- Reductions in the following programs totaling $1,203,050:

<table>
<thead>
<tr>
<th>Program</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Dutch Elm Disease Program</td>
<td>($ 338,000)</td>
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<tr>
<td>Eliminate Police Accreditation Manager</td>
<td>($  65,000)</td>
</tr>
<tr>
<td>Eliminate Branch Libraries</td>
<td>($ 284,700)</td>
</tr>
<tr>
<td>Reduce Health Staff</td>
<td>($  84,100)</td>
</tr>
<tr>
<td>Reduce Mental Health Board Funding 25%</td>
<td>($ 214,750)</td>
</tr>
<tr>
<td>Reduce Parks/Forestry &amp; Rec. Staff</td>
<td>($ 216,500)</td>
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Option #3 (Continued)

- Results in a property tax dollar increase in the levy of 4.05%
- Compared to Midwest CPI which equals 4.1%
Option #4

• Same as option #3 with the following exceptions:
  – Food & Beverage Tax is not adopted - $500,000 deducted from revenues
  – Assumes referendum passes: increased revenue from Real Estate Transfer Tax is dedicated to Police & Fire pensions - $800,000 added to revenues

• Results in a property tax dollar increase in the levy of 3.19%
General Fund
Major New & Increased Revenues

• Add Landlord Licensing Program
  – $560,000
• Increase to refuse pick-up charge by $1.95 per month
  – $423,200
• Increase overdue parking fine from $10 to $15
  – $252,100
• Vehicle Sticker increase from $60 to $75 per year
  – $495,000
General Fund
Other Increases in Fees

• Historic Preservation fee - $8,000
• Increase in business license fees - $85,500
• Charge for second garbage cart pickup - $100,000
• Increase charge for replacement carts to recover actual cost of cart - $30,000
Which one of the four options merits further review?