

BUDGET WORKSHOP

TUESDAY, OCTOBER 18, 2011 - 6:00PM

COUNCIL CHAMBERS, CITY HALL

Chairman Krause called the meeting to order at 6:02pm.

Roll Call. Present: Aldermen Krause, Hartz, Mott, Marsala, Kehoe, Kupsik, Krohn, and O'Neill. Also present: Mayor Connors, Administrator Jordan, Comptroller Pollitt, and City Clerk Hawes.

Discussion/Recommendations on Proposed Budget for Budget Year 2012

Chairman Krause stated that the objective of tonight's workshop was addressing a \$36,708 deficit in the draft 2012 budget. Comptroller Pollitt distributed the draft budget summary, assessment ratio and 2012 budget considerations. Chairman Krause said that the current draft budget includes putting back \$10,000 into the Building and Zoning Department, which the committee discussed cutting at the previous workshop.

Administrator Jordan stated that the current draft budget includes an assumption that the assessed value for manufacturing will be the same as last year. The City should receive the exact manufacturing value from the State on or around October 27. Administrator Jordan stated that staff identified the following options for addressing the budget deficit: raise the tax levy (approximately \$4 per \$100,000 assessed value); cut funding for non-TID trees (\$15,000); reduce bank fees by switching banks (\$8,000); raise parking fees from \$0.50 per hour to \$1.00 per hour; reduce building inspections services; cut outside legal fees (\$5,000); and, cut City's payment for Diggers Hotline fees (\$5,000). Administrator Jordan suggested that the relatively small tax levy increase alone would allow the City to maintain its current level of services. The draft budget also includes a 0.972 growth factor (or about \$70,000) to account for potential increases to the consumer price index.

Chairman Krause requested input from the committee on addressing the budget deficit. Alderman Hartz suggested the following potential solutions: eliminating two-hour free parking in the winter; closing the TID in 2012; approaching Grand Geneva about annexation; and combining the Clerk and Treasurer positions. Alderman Hartz said that these are examples of the many actions that can be taken that wouldn't reduce the current level of services or involve raising the levy. Administrator Jordan stated that two-hour free parking takes place from November 1 through April 30; if it were eliminated the City could generate an additional \$1,200 per day in revenue just from the 300 meters in the main corridors alone.

Alderman Marsala stated that if the City had raised the levy the last two years, there wouldn't be the current deficit. He said that he doesn't think residents would mind an \$8 increase to their property tax bill if it meant no services had to be cut. Alderman Marsala also stated that the City has been balancing the budget by using funds from the lakefront and parking revenue, which was not intended use for these funds when they were established. Chairman Krause stated that it is appropriate for the City to use some revenue from the lakefront and parking to fund operations because tourism requires additional public works, public safety and other City services.

Alderman Kehoe made the following suggestions for addressing the budget deficit: raise the hotel/motel rate; cut the City's portion to the historic preservation budget; cut the City's contribution to the YMCA; change recycling pick-up from bi-weekly to once per month; and raise the parking rate from \$0.50 per hour to \$1.00 per hour. Alderman Kupsik stated that he preferred a nominal increase to the tax levy instead of cutting City services. Alderman Krohn said that she is against raising the tax levy and asked whether the City could balance the budget with funds from selling the WE Energies building. Alderman O'Neill stated that he is opposed to raising the tax levy and said that even when the City doesn't increase the levy, citizens still see increases on their property tax bill from other taxing jurisdictions.

Alderman Mott stated that he is deeply opposed to raising the tax levy and voiced support for raising parking fees to \$1.00 an hour and eliminating free two-hour parking in the winter. Alderman Marsala said that he supports raising the parking fees to \$1.00 per hour because it serves as a user fee to tourists to pay for City services that tourism requires. He also stated that the City sets itself up for deficits each year by refusing to increase the tax levy and that the council will be faced with having to cut services next year if the levy is not increased. Alderman Hartz disagreed with Alderman Marsala, stating that the budget constraints have forced the council to look at new ways at making services more efficient.

Chairman Krause stated that he agreed with the discussion about parking. He supported eliminating the free two-hour parking in the winter and increasing parking to \$1.00 per hour. He stated that these actions would not only address the current deficit but would help raise funds for future purchases. Chairman Krause said that many efforts have already been made in the last three years to streamline City operations and develop the most efficient budget that they could. Mayor Connors noted that the committee can suggest changes to the budget, but that any changes to parking would need to be noticed and put on an agenda for council consideration.

Alderman Kehoe asked if any of the City's payments to the Chamber of Commerce, Historic Preservation or YMCA could be reduced. Chairman Krause suggested that these amounts have already been set and should not be negotiated at this time. Alderman O'Neill stated he supported raising parking revenue because it will help to fund the new parking meter system.

Administrator Jordan stated that the City would see an increase of at least \$400,000 in 2012 if fees were increased to \$1.00 per hour and if free two-hour parking in the winter was eliminated. Comptroller Pollit suggested that the extra revenue be put into a parking reserve fund and allocated at a future time. Chairman Krause suggested that the committee direct staff to change the amount of revenue for "parking meter collections" on page 35 of the draft budget from \$500,000 to \$900,000.

Alderman Mott suggested that the City increase the parking fees but not eliminate the free winter parking because the fee increase alone would more than address the budget deficit. Mayor Connors stated that he had heard from merchants that two hour free parking is hard to explain to patrons and also creates enforcement problems. Alderman Hartz stated that as good stewards of the funds that are being spent on the new parking system the council should eliminate the free parking so that revenue could be captured for all 12 months of the year.

Chairman Krause asked the committee for feedback on the other options provided by staff. The committee agreed to not cut the non-TID trees, outside attorney fees or Diggers Hotline costs. Comptroller Pollitt stated that the council will have the opportunity to consider bids for banking services at the regular meeting on October 24 which could result in reductions in banking fees.

The committee agreed to direct staff to change parking meter collections on page 35 of the draft budget from \$500,000 to \$900,000 to reflect parking fee changes and seasonal parking changes to be considered by the council.

Adjournment

Hartz/Mott motion to adjourn at 7:13pm. Unanimously Carried.

/s/ Michael D. Hawes, City Clerk