



# **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



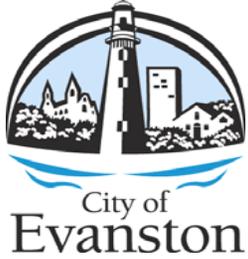
# Option #1

- 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:

Dutch Elm Disease Program	(\$ 338,000)
Eliminate Police Accreditation Manager	(\$ 65,000)
Eliminate Branch Libraries	(\$ 284,700)
Reduce Health Staff	(\$ 84,100)
Reduce Mental Health Board Funding 25%	(\$ 214,750)
Reduce Parks/Forestry & Rec. Staff	(\$ 216,500)



## 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



# Policy Direction

Which one of the four options merits further review?