

City Council Minutes: March 19, 2011 (Budget Meeting)

CITY OF FULTON

COUNCIL BUDGET WORKSHOP MINUTES

MARCH 19, 2011

8:00AM

Mayor Russell called the meeting to order and directed the clerk to call the roll. On roll call Mayor Larry Russell, Alderpersons Charles Dykstra, Margaret Crosthwaite, Charlie Letcher, Warren Juist, Wes Letcher, Randy Boonstra and Ron Roels answered present. Ald. Gene Field was absent. Also in attendance were Randy Balk - City Administrator, Dan Clark - Public Works Director, Heather Bennett - Tourism/Chamber Director, Garry Medema Treasurer and Jim Rhoades, Chief of Police.

The 2011 tax levy payable 2012 will be short in the tort insurance fund again. The levy has been accepted by the County Clerk. The total amount levied is \$409,277.

The budget notebook contains State Share Revenue Estimates which will project a decrease in the total amount of \$47,180. This decrease is due to the city's population loss of 400 people (according to the 2010 Census numbers).

Municipal Utility Tax budget is \$120,000 and at the end of 9 months, the actual received is \$91,942.82. The budget amount could be reached by the end of the fiscal year. One utility pays the tax monthly and the other pays quarterly. The tax will not be increased this coming fiscal year budget, but future options include implementing a tax on phone and water & sewer in addition to the gas and electric. The gas and electric is taxed at 2.5%, but it can be taxed up to 5%, if necessary.

The next page is the general fund revenue of the budget to actual report as of February 28, 2011. Income tax, sales tax and use tax are all over budget.

Ald. Gene Field arrived at 8:20am.

Projected salaries total \$1,019,076, which includes all wages including overtime. Social security cost is \$77,959 and the city's contribution to IMRF is \$108,940. IMRF employer rate is 11.30% which is the highest it has ever been.

Tort insurance, which covers workers compensation, property, equipment and general liability is \$85,926. Unemployment insurance is \$12,500.

The health insurance committee was going to ask for 5% from the city's operating budget, but decided to instead pay for the premium increases from the health insurance reserve fund which has a balance of \$71,000. The \$500 stipend for employees who do not have their spouses on the city plan will be eliminated next year. This was approximately \$4,000. Health insurance premiums increased by 7.41%. The deductible remain the same, lifetime cap of 2 million was changed to unlimited. ER co-pay has risen to discourage non emergency use of ERs.

Randy Balk, Larry Russell and Randy Boonstra will be meeting with the bond counsel in the next 30 days to review funding for the rehab of the city's well #4. The water meter loan will be paid off this coming year. The Impala police squad loan will be extended another year in order to reduce budget expense.

Police Department line items are basically the same, except for increases in salaries and health insurance. Patrol miles will be limited, will be using bike and foot patrol as weather permits. Line item 01-21-556 (dispatcher) includes wireless computers as well as the yearly dispatch fee. If the prison opens, there will be potential funding for additional officers and equipment.

Street lighting rates are lower after a huge hike a couple of years ago. Part of street lighting is paid from the MFT fund. The MFT revenue will be less next year due to the census numbers. Need to come up with a 5-10 year capital plan for improvements.

With the large number of parks to maintain the budget will be very tight. The restrooms need to be rebuilt at School Park. City employees will be doing most of the work to keep the cost down. They will have to put in stainless fixtures as porcelain does not hold up to vandalism. Skylights will be installed for light (no electricity in the restroom) and we can look at more lighting at the park itself.

Recreation/Tourism. Heritage Canyon expenses for salaries, maintenance, and publishing/advertising will come from this fund (01-56). Loan payments for Heritage Canyon parking lot and the Windmill Cultural Center are paid from this fund. Ald. Dykstra expressed concern that \$8,700 was not enough for publishing/advertising. Fund 18 will be eliminated.

The potential for some unexpected tax revenue from the state could help out. Priorities would need to be decided if the revenue is realized. Would it be used to build the reserves back up, for tourism and would it be split between several funds.

Fulton resident Nancy Kolk suggested that if the hotel/motel tax revenue comes in over budget the excess should go for promotions.

Water and Sewer. Revenue has dropped. Hydrant program has to continue as many hydrants are old and leaking. Water main repairs and hydrant replacement will be done in house. The cost of chemicals has gone up.

Well #4 is non usable at this time. It needs a new filter plant. It was shut down about 10-12 years ago due to rust and radium issues. Water supply now is a blend of Well #2 and Well #3. There is no back up, which is why it is crucial to get #4 going again. There is an IEPA grant (25%) and an IEPA low interest loan (1.25%) available. The annual loan repayment amount would be \$80,000, which could be covered by a debt service charge of \$3.90/month per user. Once the water meter loan is paid off that money could be used to repay this loan, thereby reducing debt service.

Ald. Roels moved, seconded by Ald. C. Letcher to approve applying to the IEPA for grant and financing and refinancing of water and sewer bond to fund the 1.8 million dollar rehabilitation to Well #4. Roll call vote/all yes/motion carried.

Ald. Boonstra moved, seconded by Ald. Roels to accept Willett, Hofmann and Associates as engineers on the Well #4 rehab project at a cost not to exceed \$130,000. Roll call vote/all yes/motion carried.

Ald. Roels moved, seconded by Ald. Field to enter closed session to discuss salary schedules. Roll call vote/all yes/motion carried. The council entered closed session at 10:50 am. Closed session minutes are recorded elsewhere.

The council returned to regular session at 11:10am and immediately adjourned.

Minutes recorded by,

Linda Hollis

City Clerk