COMMITTEE OF THE WHOLE
MINUTES
September 19, 2023

Mayor Sanoica called the Committee of the Whole meeting to order at 7:30 p.m.

ROLL CALL:

Physically Present: Mayor Sanoica, Alderpersons McHale, Budmats, Vinezeano, Boucher, Reyez, Koehler
Remotely Present: Alderperson O'Brien
Absent: 0

Mayor Sanoica declared that a quorum was physically present.

Mayor Sanoica stated that Alderperson O'Brien is unable to physically attend tonight's meeting due to a personal illness and has requested to attend the meeting remotely pursuant to Section 2-114 of the City Code. Mayor Sanoica asked for a motion to permit Alderperson O'Brien to attend the meeting remotely. Alderperson Budmats made the motion and was seconded by Alderperson Vinezeano.

ROLL CALL:

AYES: Vinezeano, Boucher, Reyez, Koehler, McHale, Budmats
NAYS: 0

With 6 in favor and 0 opposed. Alderperson O'Brien was permitted to attend the meeting remotely.

STAFF IN ATTENDANCE: City Manager Rob Sabo, Assistant City Manager/Community Development Director Glen Cole, Finance Director Molly Talkington, Deputy City Clerk Judy Brose, Police Chief John Nowacki, Fire Chief Pete Sutter, Deputy Fire Chief Scott Mohr, Director Public Works Aaron Grosskopf, Assistant Director Public Works JoEllen Charlton, Chief Information Officer Waseem Khan, Deputy Director Community Development Elizabeth Kwandras and City Attorney Melissa Wolf

Mayor Sanoica announced that the floor will be open to the audience for 20 minutes to address the City Council on matters that are on the agenda after the City Council discusses with Staff. Persons wishing to address the City Council keep their comments to 5 minutes in length. Comments must be addressed to the Council as a whole through the Mayor, and profanity may not be used in any form.

1) Discussion of Annexation of Unincorporated Properties Within and Adjacent to the City's Municipal Boundaries

Cook County 14th District Commissioner Scott Britton was present and commented on the County's recommendation and initiative supporting the annexation of unincorporated areas into municipalities countywide.

Cook County 9th District Commissioner Maggie Trevor was also present to answer questions from the Council and encouraged residents to reach out to her office if they have any questions or concerns.

Glen Cole, Assistant City Manager/Community Development Director gave a presentation regarding the considerations for the City of Rolling Meadows ("City") related to annexations of unincorporated areas directly adjacent to and wholly surrounded by the City. The information presented was to facilitate preliminary conversations on annexations of remaining Cook County unincorporated areas based on the recommendation of the Cook County Unincorporated Task Force.

The City's review process has been prompted, in part, by a renewed interest by Cook County in eliminating all unincorporated areas of the County through annexation. The County's interest in doing so is in order to create taxpayer efficiencies, improve infrastructure, and provide a greater degree of local control.

The areas for consideration are in three distinct areas: 1) **Plum Grove Estates,** a residential subdivision of about 350 homes located in the south-central area of the City; 2) **Forest Estates,** a residential subdivision of about 130 homes in the center of the City. The subdivision is fully surrounded by the City; and 3) **Scattered Sites,** consisting of 12 separate properties in various "holes" and "edges" of the City that receive most of the City's public services without paying their cost.

In each of these cases above, this report concluded that annexation would benefit both the City and the territory proposed to be annexed. A significant consideration to be weighed with any such annexation is the substantial costs of upgrading the infrastructure in these areas to meet the City's standards, which are consistent with other communities in Cook County. Together, Plum Grove Estates and Forest Estates would require an estimated $83 million infrastructure investment to be comparable with the City's other developed areas.

While some of these investments may be phased, deferred, or not undertaken, there is also a sense of urgency as the costs of infrastructure improvements have increased significantly over the last several years and have undoubtedly grown exponentially since they were first developed almost 50 years ago. Should the City and affected communities decide to pursue annexation, this report provides financing estimates and mechanisms that can be used to make these costs manageable before they continue to grow in future years. The financing figures included in this report are preliminary estimates and subject to change as further analysis of such costs is undertaken.

Council inquired as to what the cost savings are for Cook County and Commissioner Britton stated that he doesn't know the cost savings and that it's difficult to give a number but it would have a significant impact on the County's budget. Council would like Cook County to provide more information and have conversations with all parties including Townships, Park Districts and School Districts. https://www.cityrm.org/AgendaCenter/ViewFile/Agenda/_09192023-1069

Council discussed the increased costs to the City, if sidewalks and streetlights were necessary and if the annexation does not move forward that Cook County would still provide services to the unincorporated areas.

Manager Sabo introduced himself and stated that this is the first of many conversations regarding this topic. Preliminary data was provided in the agenda packet and that there is a lot more work to be done.

Mayor Sanoica opened the floor for public comment.

Guy Karm of Plum Grove Estates Property Owners Association stated he opposes the potential annexation.

Louis DeFilippi of Plum Grove Estates Property Owners Association stated he opposes the potential annexation.

Bill Murray of Forest Estates Homeowners Association stated he opposes the potential annexation.

Howard Pohl of Plum Grove Estates Property Owners Association stated he opposes the potential annexation.

Andy-John Kalkounos of Palatine Township stated that the Board of Trustees and Road District oppose the potential annexation.

Mayor Sanoica closed the floor.

Scattered Sites: There are 12 other individual properties that the City may legally annex without the property owner's consent. One property has recently submitted a pending petition for annexation. These properties already receive almost all City services, they cannot be accessed without entering the City (with the exception of 160 E Wilmette Rd.), and there would be no ongoing cost to the City were they incorporated.

Manager Sabo stated that the City would like to move forward with drafting an ordinance to consider the annexation of the 12 parcels and would like to have conversations with the 12 property owners so they understand the implications from the City's side as well as the services they've benefited from without having contributed in property taxes to the City. Drafting an ordinance is not approving an ordinance it's simply beginning the process by which the City would communicate to those homeowners that there is a potential of annexation for those 12 properties.

Mayor Sanoica stated that Council will revisit the ordinance regarding the 12 annexations at this time.

2) FY2024 Proposed Budget and FY2024 -FY2028 Capital Improvements Plan

Molly Talkington, Finance Director presented the FY2024 Proposed Budget and Aaron Grosskopf, Director Public Works presented the FY2024-2028 Capital Improvements Plan. Director Talkington stated that the FY2024 Proposed Budget establishes a foundation to provide high-quality services and meet the community needs for the City of Rolling Meadows for the upcoming year. The City's budget is an important document for the City and serves multiple purposes:

- Communication Tool: It explains the City's operations, needs, resources, constraints and opportunities.
- Policy Document: It sets forth the City's work plan for the year.
- Financial Transparency: It establishes guidelines, in conjunction with Fund Balance Policies, that the City uses to measure and control expenditures and to track revenues.

The annual budget process began with the Five-Year Financial Forecast Committee of the Whole presentation on September 12, 2023. The Five-Year Financial Forecast (FYF) provides a framework for fiscal decisions. Its primary use is guiding the development of the annual budget and related matters, including the property tax levy. In addition, the FYF projects trends that may indicate future opportunities or threats to the City's fiscal condition. The FYF is intended to aid City Council in making decisions around the annual budget in the context of the City's anticipated ability to fund services and programs. The Forecast includes seven funds: General, Motor Fuel Tax, Local Roads, Vehicle & Equipment, Building & Land, Refuse, and Utilities Funds.

The General Fund supports most day-to-day operations of the City such as Police, Fire, most Public Works operations, and City administrative functions. The Motor Fuel and Local Roads Funds are capital improvement funds focused on City roads and supporting infrastructure. Vehicle & Equipment and Building & Land Funds are internal service funds that support the other City funds. These funds expenditures fluctuate with the purchase of goods and services cycles. Lastly, Refuse and Utilities Funds are enterprise funds (business-like) that support operations and capital through user fees.

The FYF showed that thoughtful changes in the current year would alter the course of the forecast and help the City realign revenues and their growth with expenditure growth and needs, as follows:

1. Balancing Revenue and Expenditure Growth: Focus on bringing revenue and expenditure growth in line with each other
2. Investing in the Local Economy: Finding ways to grow business and encouraging development in the City which would in turn increase the City's assessed valuation base
3. Investments in Capital: Addressing the City's aging infrastructure through improvements and replacement
4. Inflationary Impact to City Contracts: Finding ways to reduce the impact of high inflation on City contracts for current services
5. Enhancing Human Services: City Council has expressed their support of enhancing Human Services to reach the City's vulnerable populations as discussed at the Committee of the Whole on July 18, 2023.

The recommended budget strategy developed from the Forecast's outcomes was developed by fund:

1. General Fund
    a. Enhance Human Services
    b. Reallocation of the 2022 Property Tax Levies
    c. Increase the Home Rule Sales Tax by 0.25%
2. Motor Fuel Tax & Local Roads Funds
    a. Move Projects from Local Roads to Motor Fuel Tax Fund
    b. Reallocation of the 2022 Property Tax Levies
3. Vehicle & Equipment and Building & Land Funds
    a. Continue to watch the trends within these funds with the annual forecast
4. Refuse Fund
    a. Implement the Recommended Rate Increases (Committee of the Whole on April 18, 2023)
5. Utilities Fund
    a. Implement the Recommended Rate Increases (Committee of the Whole on April 18, 2023)
    b. Bring Capital Outlay to $3 million annually in the Capital Improvements Plan

FY2024 Proposed Budget: The FY2024 budget is implementing the Budget Strategy outlined in the Five-Year Financial Forecast. The Budget Strategy incorporates recommendations from the Fiscal Stability Plan. The Fiscal Stability Plan identified the need for rate increases in Refuse and Utilities Funds to maintain current services. In addition, the Budget Strategy enhances Human Services as outlined in the Needs Assessment discussed at the Committee of the Whole in July.

In conjunction with the budget, the Capital Improvements Plan (CIP) was developed. The CIP will be presented with the operating budget at the September 19, 2023 Committee of the Whole. The CIP is a financial planning tool that identifies and prioritizes long term capital projects and asset purchases and replacement. While the annual budget is a one-year look at the City's financial position, staff has reviewed a five-year look for the capital project funds. The five-year look provides a larger context for these funds that include projects and assets that span more than one-year for financing. Motor Fuel Tax and Local Roads Funds annual road reconstruction projects have been revised with the Budget Strategy recommendation by moving $400,000 worth of work from Local Roads to Motor Fuel Tax Fund in FY2024. FY2025 through FY2028 has an additional $215,000 worth of work moved to Motor Fuel Tax Fund.

The current economic climate is one major factor in projecting City revenues and expenditures. Currently, economic activity is trending back to pre-COVID levels. This is reflected in the Sales Taxes, Income Taxes, and Food & Beverage Tax. However, the nation is experiencing high inflation that is typically an indicator of a potential recession. There are some lingering supply chain issues (delays in receiving goods and/or shortages in goods) that continue to delay acquisitions of goods and materials and increases the cost of goods and services the City relies on. For example, the cost of gasoline has risen sharply in the past year. While the cost has started to decrease some, there are spikes in various months based on demand. The higher cost of gas, as well as other goods and services, has been incorporated into the proposed budget.

Revenues: Revenues for all funds (including transfers and chargebacks) total $74.7 million for the FY2024 Proposed Budget. This is a decrease of $123,000 or 0.2% below the FY2023 Budget and an increase of $661,000 or 0.1% over the FY2023 Projected Year End. FY2023 Projection is $2.9 million or 4.1% above the FY2022 Actuals. The General Fund is the main operating fund for the City and funds core operations such as Police and Fire. General Fund revenues are projected at $37.7 million for FY2024. Overall, revenues are showing steady growth reflective of the economy coming out of the pandemic and include a 0.25% rate increase to the Home Rule Sales Tax and reallocation of the property tax levies.

Home Rule Sales Tax: After the Five-Year Financial Forecast Committee of the Whole, City Council was supportive of a proposed home rule sales tax rate increase of 0.25% for a total rate of 1.25% beginning January 1, 2024. This increase is expected to generate an additional $750,000 in revenue annually. This funding will enable the City to support enhanced Human Services and provide more services to our vulnerable populations. This revenue is applied to the consumption of goods and services within the City. Items that are not subject to this tax include groceries, medicine, and licensed personal property (e.g., automobiles).

Currently, the Home Rule Sales Tax is the City's third largest source of revenue for core City services. This revenue is applied to all the shop within the City including non-residents so this revenue is not solely dependent on our residents. While this revenue fluctuates immediately with economic changes, this recommended increase is balanced by the reallocation of the property tax levies. The Property Tax is considered a stable revenue and does not react to economic fluctuations in the same manner as sales taxes. The draft ordinance to increase the Home Rule Sales Tax is attached.

Property Tax Levy: The 2023 Property Tax Levy recommendation is also part of the Forecast's Budget Strategy. The levy recommendation was created to target funding for Human Services as part of the General Fund and to provide additional funding to the Local Roads levy. Overall, the levy is also increased by 1.0%, excluding abatements.

Here is a breakdown by levy:

1. Fire and Police Pension Funds
    a. The actuarial determined contributions for Police and Fire for the upcoming levy $3.4 million and $4.2 million, respectively.
    b. However, to be fiscally prudent and to proactively reach the City's and the State's funding goals, it is recommended that these levies remain the same amount as last year's levy ($3,626,000 for Police & $4,257,000 for Fire).
    c. The Fire and Police Pension Funds actuarial recommended contributions were discussed at the July 11 City Council Meeting in detail.
2. Illinois Municipal Retirement Fund (IMRF) levy is reduced to include only the General Fund IMRF amount. This reduces the levy by $487,000 for the 2023 levy. This amount is recommended to be moved to the Local Roads – Annual Street Program levy.
3. 911 Fund – This levy is recommended to remain level with the 2022 levy at $700,000. With the body camera project started, an increase in this levy is recommended beginning with the next year's levy (2024).
4. To address the Local Road Fund's reserve needs, staff is recommending an increase of $500,000. The majority of this increase comes from the reduction of the IMRF levy.

5. The Debt Service Annual Payments for the 2019 Bond tax levy are increased per the annual required debt service schedule. The 2018 Bond is in the final year of the levy at $11,125. This is a reduction of $690,000. It is recommended to shift this amount to City Operations.
6. Operations – The tax levy includes specific funding for Police, Fire, and Public Works operations. Police & Fire Operations have dedicated levies. However, the PW Operations levy is listed as the Corporate levy. This means this levy can be used for any General Fund Operations. With the addition of the Human Services Department, it is recommended to change the name of the levy line to Corporate levy on the City's documents. Therefore, the increase to the Corporate levy would be the $690,000 from Debt Service plus the remainder of the 1% increase of $137,000 for a total increase of $826,000.

Refuse Rate: The Refuse Fund is an enterprise fund meaning it functions like a business. This fund is supported by its customers. Refuse service revenue accounts for 88.6% of the total revenue for this fund. The rates charged to the customers have not changed since FY2014 while the cost for supplies has increased significantly. Included in the FY2023 budget was to move approximately $345,000 for Host/Tipping Fees and the Transfer Station revenue from the General Fund to the Refuse Fund as a means to add new revenue streams to this fund.

The City engaged with the University of Illinois at Chicago's College of Urban Planning and Public Affairs (UIC) graduate students. These students were tasked with looking at various areas of the Fiscal Stability Plan and one specific area was a Refuse Fund Analysis. This Analysis identified the need for an increase to the refuse rates. City Council also reiterated that residents are very happy with current refuse service. City staff then provided City Council an opportunity to balance the Refuse Budget with different rates to reach their comfort level for fund balance. The recommended outcome in order to balance the Refuse Fund is to increase rates by $2.50 per month, penalties to increase by 1%, and to add a senior discount of 10%. These revenue changes are targeted to take effect with the FY2024 budget.

Water, Sewer, & Stormwater Rates: The Utilities Fund is an enterprise fund meaning it functions like a business. This fund is supported by its customers. The rates charged to the customers have not increased since FY2019 while the cost for supplies has significantly increased. The Chicago Department of Water Management charge to supply water has been increasing at 5% annually via Northwest Suburban Municipal Joint Action Water Agency (NSMJAWA) and is projected to continue at that rate. NSMJAWA is actively working to find ways to reduce the increase that is being passed on from the City of Chicago and if successful, any decrease in the cost will be updated in a future capital plan. However, it is anticipated that any rate reduction would not take place until after 2028.

The City is striving towards rate and capital stabilization for its residents and businesses. The purpose of the rate study was to provide the City with various feasible scenarios for setting rates to cover operating, debt service, NSMJAWA water cost, and capital improvement expenses while maintaining the appropriate cash balances (fund balances). Baxter & Woodman developed the study utilizing the City's audited financial data, incorporating the City's FY2023 Budget and capital plan for the next five years to FY2031. NSMJAWA purchases water from the City of Chicago who has capped rate increases at a maximum of 5% per year. NSMJAWA is negotiating with Chicago to transition to a cost of service model for water rates. In addition, the Baxter & Woodman study assumes Public Works' capital plan to be approximately $3.0 million annually (fluctuations vary depending on expenditures). The $3.0 million is comprised of $1.5 million for water projects, $1.0 million for sewer projects, and $0.5 million for stormwater annually.

It is recommended to change water and sewer rates to a Fixed Scaled Meter & Modified Inclining Block. This incorporates a fixed scale meter rate structure; which customers pay a proportional fixed charge per bill based on the water meter size. Also, this would increase the number of tiers in the volumetric rate charge from the existing 2-tiers to a 5-tier plan. These proposed changes would apply to both the water and sewer rates.

The proposed fixed scale meter rate structure starts at the 3/4th meter size and smaller. The properties with these meters would pay the smallest access fee, and the access fee would increase with meter size from there. Typically, the 3/4th meter size is residential. There are three residential properties with meter sizes up to 2 inches; two are for a care facility and one requested because home has an indoor pool. The proposed change in the access rate charge to be based on meter size is to apply a larger share of the expenses to the larger users which correlates to meter size. Scaling the fixed charge by meter size more equitably prorates the City's fixed expenses, predominantly driven by infrastructure maintenance, across the diverse customer base.

The volumetric fees for water and sewer are proposed to change from a 2-tiered plan to a 5-tiered plan (inclining block). By adding the additional tiers, the impact to the lowest water and sewer users is lessor than to those with higher volume use. As the volume increases so does the per use charge. When reviewing water use by customer, there are specific customers that routinely use well over 15,000 gallons a month. Likewise, there is a significant group of customers that use less than 5,000 gallons of water monthly. In the recommended rate structure, those customers using under 5,000 gallons a month have a new bottom tier that is also the lowest volumetric rate charge. Those that use 100,000 gallons or more per month can fall into one of two new tiers, 100,000 gallons to 250,000 gallons tier or the over 250,000 gallons tier. These two new tiers allow the City to charge higher volumetric rates for these users for both water and sewer.

For the stormwater fee, this was reviewed independently since the basis for the fee is handled differently than water and sewer fees. The analysis showed that from FY2018 to FY2021, the stormwater revenues exceeded its operating expenses and capital expenditures. This generated slightly less than $1 million in reserve. The current stormwater fee is expected to be sufficient to cover expenses through FY2023. However, a series of capital projects have begun or are planned for stormwater; the largest being the Park Street Drainage Improvements. This project began in FY2022 and has subsequent years of work as included in the fund projection.

To address the outyears for operating and capital needs and to continue to have sufficient reserves, Baxter & Woodman recommended increases to the Stormwater Management Fee starting in FY2024 through FY2027.

With these increases, the stormwater revenues stay below expenses from FY2022 through FY2025. With the targeted rate increases, the stormwater revenues are projected to exceed expenses beginning in FY2026 and help rebuild adequate reserves for this use.

Expenditures: Expenditures for all funds (including transfers and chargebacks) are proposed at $81.9 million for FY2024. FY2024 is a projected increase of $2.5 million or 8.9% above FY2023 budget of $77.4 million. FY2023 projections are $75.2 million as compared to the FY2022 actuals of $62.9 million. General Fund expenditures for FY2024 are proposed at $39.5 million

The City's largest expenditure category is Salaries and Benefits at 42% for all funds excluding Police and Fire Pensions. If the pensions are included, the total overall is 52% of expenditures. Police & Fire Pension contributions are discussed under the Property Tax Levy section.

For the FY2024 budget, wages were budgeted per the current union contacts between 2% to 3% increase. The non-bargaining unit was budgeted within the union contract range. Benefits were budgeted based on estimates received by the City's providers and the employer/employee costs per union contracts. IMRF employer contribution rate was slightly increased from 9.30% to 9.67%. FICA remains at 7.65% for Social Security and Medicare employer costs. Medical, dental & vision are budgeted at a 3% increase that will take effect at different times for the different contracts and adjustments to the employee contribution levels. The Health Insurance chargeback was reduced in FY2023. FY2024 restores $2 million of this chargeback with a plan to fully restore the chargeback in FY2025. With all these adjustments salaries and benefits show an increase from FY2023 projection to FY2024 proposed of $3.9 million or 12.6% increase.

The FY2024 budget includes position changes that better align with current services and to provide specific focus to a service area, as well as, expanding Human Services. The expansion of Human Services is included by moving the existing two full-time positions with their operational costs from the Police Department to a new Human Services Department. Also, there are three additional positions (3.0 FTEs) added to the new department; Community Social Worker, Mental Health Clinician, and an Office Manager. In total, the department is $853,000 in the General Fund. In FY2024, the City was successful in receiving a $500,000 grant for these services.

Capital Outlay is the second largest expenditure category for the City at 16% of the total. The Capital Improvements Plan (CIP) will be discussed in detail at the September 19, 2023 Committee of the Whole meeting. This plan outlines the capital projects and purchases. Our current CIP plan shows a heavy focus on Water and Transportation Infrastructure totaling 54% of the total funding over the next five years.

This Capital Plan reflects the desire of Council to invest in the City's utility infrastructure over the long term in order to improve the reliability, safety, as well as remove costly emergency repairs that can have a negative impact on residents (unscheduled shut offs, etc.). The investment in transportation infrastructure is also evident as the Council is contemplating 29% of the overall CIP over the next five years for annual road programs as well as capacity increasing projects such as Central Road Reconstruction and the Algonquin/New Wilke Intersection Improvement projects.

The Vehicles and Equipment Fund has been in turbulence over the past two years due to COVID-19 related supply chain issues. These issues have caused the prices of vehicles to increase upwards of 15-20% on medium-duty trucks. The largest impact on the fund is the purchase of a new Fire Truck for $2.5 million. Which includes a down payment in 2024 for $1.5 million with the remainder being paid on delivery in 2028. Staff is also evaluating moving administrative vehicles to an all-electric fleet, including the continued evaluation of infrastructure needs for the change to electrified vehicles.

Investing in capital infrastructure projects holds immense significance for a community's growth and prosperity. These projects, which encompass the construction and maintenance of essential physical assets such as roads, bridges, public transportation systems, and utilities, serve as the backbone of a thriving municipality. They enhance the quality of life for residents by ensuring safe and efficient transportation, and reliable utilities. Capital projects stimulate economic development by creating jobs, fostering business growth, and attracting private sector investments. Additionally, they bolster a city's resilience by fortifying it against natural disasters and climate change impacts. By allocating funds to capital infrastructure, the City not only meets immediate needs but also pave the way for long-term sustainability and prosperity, ultimately enriching the lives of their citizens and building stronger, more resilient communities.

Fund Balances: For FY2024, all but two funds end in a positive fund balance or fund balance equivalent. The Vehicle & Equipment Fund is for a planned purchase in 2024 and will be restored in FY2025. This Fire Ladder in 2024 is the highest cost vehicle in the City's fleet. FY2024 includes $1.5 million for the initial down payment and an additional $1 million is scheduled for FY2028 upon delivery. The Local Roads Fund is also in a deficit position. This fund was included in the Budget Strategy to begin efforts to bring revenues and expenditures more in line. The FY2024 budget includes $500,000 in additional funding from the property tax levy and a reduction of $400,000 in project costs that were moved to the Motor Fuel Tax Fund. The FY2023 projections show the Tax Increment Financing (TIF) #2 – Owl & Kirchoff Fund having a positive balance.

The fund balance or fund balance equivalent in each fund has a purpose. For the operating funds, the balance helps bolster the City's resources against shortfall or other unanticipated events. The two Tax Increment Financing funds' balances are restricted for use on TIF approved projects and costs. For internal service and equipment funds, the balance serves as a means to save for the time when the planned services are provided or the goods are purchased. These funds are generally structured so that their revenues are relatively level each year while their expenditures fluctuate annually. Capital project funds either use debt financing or "pay as you go" financing to fund the planned projects. The "pay as you go" approach is similar to the equipment funds in that the revenues are typically level or have a structured increase and the expenditures fluctuate with the project spend. Debt financing allows the City to borrow money at a specific time to complete specific projects. The City will then pay back the debt over time (typically between 20 to 30 years for repayment) plus payment of the debt issuance fees and interest. The funds that have existing fund balance policies are listed below.

- General Fund: The fund balance policy is to have the balance within 15% to 30% of the total expenditures. FY2024 proposed ending balance is $11,128,204 or 28.8% of expenditures and near the top end of the policy. Included in this balance is a hold primarily for ongoing labor negotiations at $250,000, a reserve for the 27th pay date of $345,699 which occurs approximately every 11 years, and holds for ARPA parallel projects (Branding Initiative at $50,000, Comprehensive Plan at $80,000, and Other Economic Development Opportunities at $72,345).
- E911 Fund unassigned balance policy is one to one and a half times annual expenditures. For FY2024, that range is $1.0 million to $1.5 million. The current fund balance is projected at $1,423,715 which is within the required range.
- The Garage Fund balance policy is to maintain a range of $1.0 million to $1.5 million annually. The FY2024 projection is $1,359,107 and within policy range.
- The Refuse Fund unassigned fund balance policy is 30% to 50% of operating expenditures and with the rate increase, the fund balance is projected to be within range at $729,527 or 28.1% of operating expenditures.
- The Utilities Fund's unassigned fund balance policy is maintaining at least 25% of operating expenditures. The FY2024 operating expenditures are recommended at $11,953,216, and 25% would be $2.98 million. The ending balance projection is $4.8 million or 39.91% of operating expenditures.
- The Liability Insurance Fund is to have a reserve equal to one year's payment of insurance plus an additional reserve for any unforeseen liability payments (approximately $1 million). The FY2024 projection is $1.0 million. Additionally, the City's risk pool agency, Intergovernmental Risk Management Agency (IRMA), has $1.5 million in excess surplus (reserves) attributed to the City.
- The Health Insurance Fund's policy is to have a reserve equal to one half a year's payment of insurance (approximately $2.25 million). The FY2023 expenditures were higher than anticipated. The FY2024 budget includes the first year of two years to restore the health insurance chargebacks to 100%. Therefore, the projected ending balance is below target at $183,307. Additionally, the City is part of the Intergovernmental Personnel Benefit Cooperative (IPBC) for these benefits. IPBC also has a reserve threshold for each member. Total reserves are estimated at $1.7 million including the reserve threshold amount.

Debt service funds are established to account for the outstanding debt and repayment. In FY2023, the City basically completed payments on the 2018 Bond. The FY2024 Proposed Budget still includes debt for the Fire Stations in that fund and debt in the Utilities Fund. The reallocation of the 2018 Bond property tax levy is part of the Budget Strategy developed with the Five-Year Financial Forecast.

Community Input: The public can provide input at the required public hearings and at any City Council meeting during the audience participation period of each meeting. Also, the public can provide comments directly to members of the City Council or through the Finance Department (847-394-8500 or FIN@cityrm.org).

Staff sought input and direction on the recommended budget. Any input received will be incorporated into the proposed budget that will be considered for adoption and placed online and in hard copy for public viewing for the future public hearing.

Council discussed applying for additional grant funding for the Central Road project after Phase 1 is complete, waiving 1st reading for the Home Rule Sales Tax ordinance at the next meeting, concerns regarding the City's reserves and requested cost of cost of ownership/life cycle assessment for vehicles.

ADJOURNMENT

Mayor Sanoica asked for a motion to adjourn. Alderperson McHale has made the motion and it has been seconded by Alderperson Vinezeano.

ROLL CALL:

AYES:	Vinezeano, Boucher, Reyez, Koehler, McHale, Budmats, O'Brien
NAYS:	0
ABSENT:	0

With 7 in favor and 0 opposed, the meeting was adjourned.

There being no further business, by unanimous consent the Committee of the Whole meeting was adjourned at 9:22 p.m.

Respectfully submitted: Judy Brose, Deputy City Clerk

September 19, 2023 Special Committee of the Whole Minutes Approved by Council on October 10, 2023.

Judy Brose

Judy Brose, Deputy City Clerk