



# Building on Our Strong Foundation



**Fiscal Year 2016/17  
Adopted Financial Plan for  
Community Services and  
Budget Memos**



# **Adopted Financial Plan For Community Services**

**Fiscal Year 2016/2017**



## **Mayor**

Deborah Frank Feinen

## **Council Members**

Michael LaDue

Angie Brix

Paul Faraci

Will Kyles

Thomas Bruno

Matthew Gladney

Clarissa Nickerson Fourman

Greg Stock

## **City Manager**

Dorothy Ann David

## **Deputy City Manager**

Joan Walls

Matthew Roeschley

## **Budget Staff**

Richard A. Schnuer  
Finance Director

Molly Talkington  
Budget Officer

Courtney Kouzmanoff  
Financial Analyst

Shannon Myers  
Finance Technician

Teri Weems  
Account Clerk III



**OUR MISSION**  
is to provide responsive, caring, cost-effective service  
in partnership with our community

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**These values guide our work**

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**PERSONAL  
INTEGRITY**

We act in the best interests of the City  
We behave in an ethical and legal manner  
We are open and honest  
We follow through on commitments  
We are loyal to the City

**RESPONSIBILITY**

We anticipate issues, problems, and opportunities  
We take initiative  
We act to prevent and solve problems  
We take responsibility for the outcome of our actions and decisions  
We hold ourselves and others accountable

**RESPECT**

We treat others in a fair, courteous, and equitable manner  
We actively listen and seek understanding  
We provide a direct response  
We embrace ethnic and cultural diversity in the community and our workplace  
We are positive and cooperative  
We are willing to apologize

**TEAMWORK**

We know and respect our roles and responsibilities  
We ask who needs to be involved and we involve others appropriately  
We define and agree upon the goals  
We collaborate to achieve organizational goals  
We help others accomplish their goals  
We share authority, responsibility, and credit

**RESULTS**

We take pride in our work  
We complete assignments and projects on time and within budget  
We evaluate outcomes and seek feedback on our performance  
We learn from our mistakes  
We innovate

# FY2016/2017 Adopted Financial Plan For Community Services

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**City of Champaign  
Illinois**

For the Fiscal Year Beginning

**July 1, 2015**

A handwritten signature in cursive script, appearing to read 'Jeffrey R. Emswiler'.

Executive Director

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The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Champaign, Illinois for its annual budget for the fiscal year beginning July 1, 2015. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communication device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

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**REPORT TO THE CITY COUNCIL**

**FROM:** Dorothy Ann David, City Manager *DAADhy*

**DATE:** July 1, 2016

**SUBJECT: BUILDING ON OUR STRONG FOUNDATION**

**Introduction**

The Fiscal Year (FY) 2016/17 Financial Plan, or Annual Budget, establishes direction for the implementation of all City of Champaign programs and services for the upcoming year. The Financial Plan outlines the Administration’s recommendation on how to meet the needs of our growing community in a fiscally responsible manner and in keeping with the City Council’s goals and policies. The Financial Plan is developed by carefully evaluating available resources, following established financial policies, and applying sound administrative decisions and practices. Review and approval of the Financial Plan is one of the City Council’s most important roles.

The FY 2016/17 Financial Plan builds upon the City’s long history of fiscal planning and discipline. The budget allows for the continued delivery of essential City services, and builds upon the City’s strong fiscal foundation. The City of Champaign proudly maintains a AAA bond rating, a testament to our responsible financial practices and fiscal strength. Good financial planning and sound decisions allows the City the flexibility to adjust to unexpected changes in revenues or expenses while maintaining the high quality services our residents expect. The adopted budget is balanced and supports the budget message’s theme: Building on our Strong Foundation.

Businesses are eager to set up shop in Champaign and families are excited to move here. Commercial, single- and multi-family residential construction remains strong and the City continues to grow in a planned, coordinated manner. These new residential developments attract persons from around the globe, including students and professionals, adding to the diversity and vibrancy of our micro-urban community. New developments also add to the City’s strong revenue base, ensuring the future funding needed for the City to continue the high quality, essential City services appreciated by our residents and visitors.

As our community grows, the Administration looks for creative and more efficient ways to meet increasing demands on City services. By implementing adopted staffing changes and adding personnel at the Fire Department, the City will reduce mandatory overtime costs and achieve long-standing service and efficiency goals. Personnel and other changes in the Neighborhood Services and Legal Departments will enable the City to be more responsive to concerns about vacant and nuisance properties, which in turn will improve the quality of life for entire neighborhoods. In addition, continued support for the Champaign Community Coalition will

improve the lives of youth and families across our community and continue a successful intergovernmental and community partnership that leverages community resources.

Thanks to proactive planning, sound decisions, and solid fiscal management, the City of Champaign is “building on our strong foundation” to enrich the lives of those who live, work, and play in our growing and diverse community.

## **Adopted Fiscal Year 2016/17 Financial Plan**

Financial Plan development begins well before the presentation of the proposed budget for adoption. Annually, in the fall, a Financial Forecast is developed. The Financial Forecast provides City Council with a high level look at the current year and the trends for future years. The City Council established a budget strategy based on the Financial Forecast prepared by staff in October 2015. The strategy provided the framework for the development of the adopted budget, and had the following components:

- Prepare the adopted budget consistent with the City’s financial policies.
- Assume continuation of services currently funded on a recurring basis in the General Fund.
- Establish a \$2 million reserve pending the outcome of the State budget.

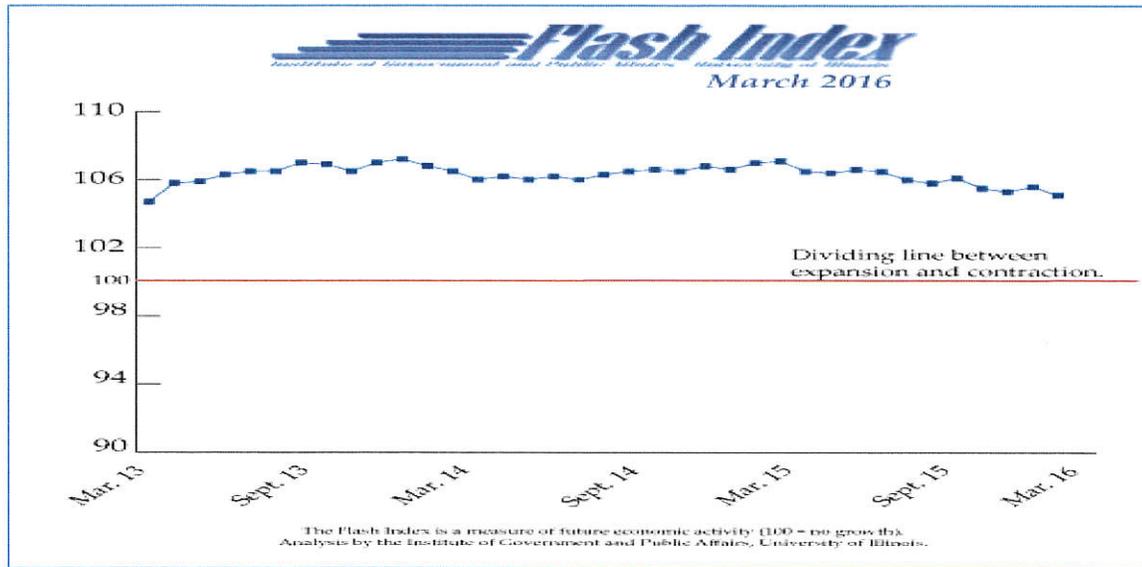
Ultimately, the annually adopted budget provides for high quality services that accomplish the City Council’s Vision and Goals and meets the established financial targets outlined in the City’s Financial Policies.

## **Economic Climate and Revenue Outlook**

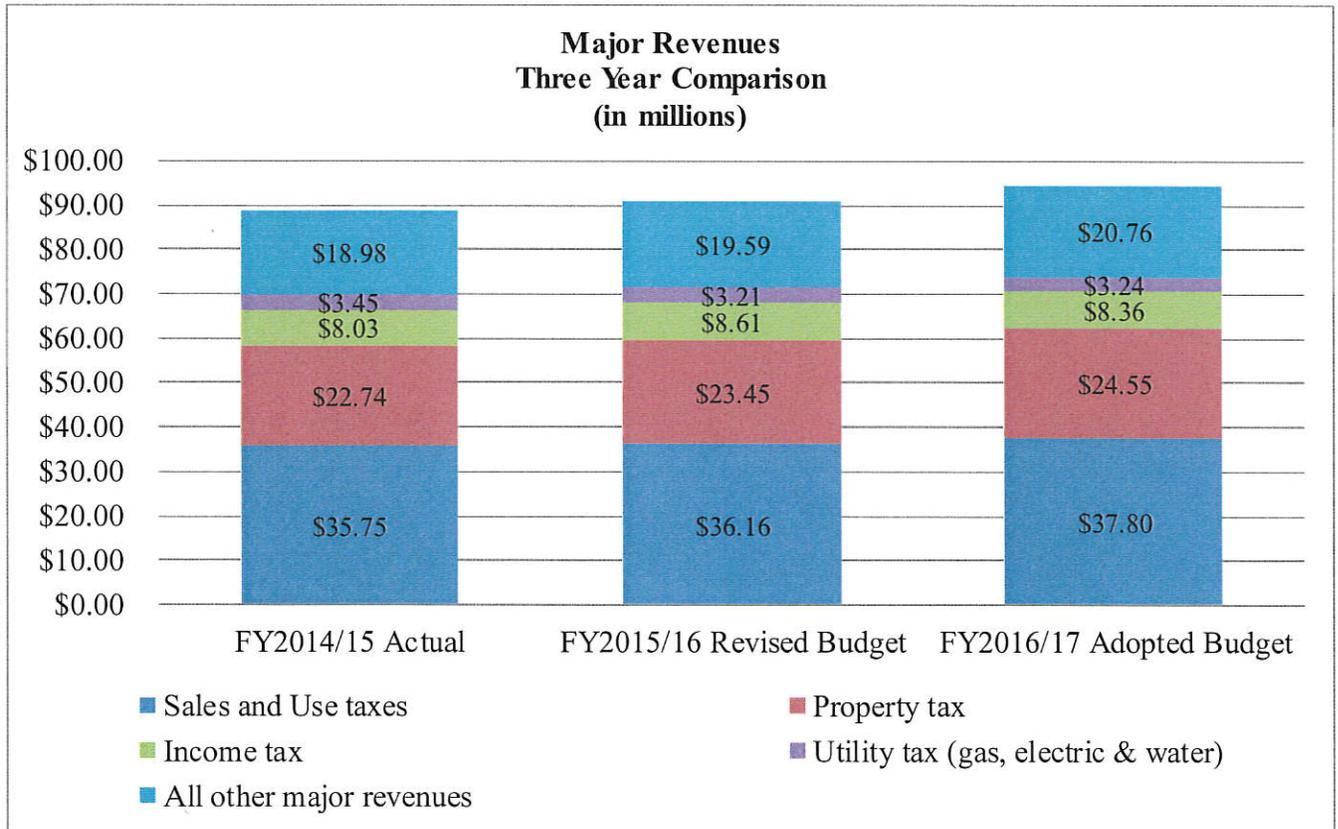
The national and local economies have been growing consistently for three years and have a direct effect on the City’s major revenues. The pace of growth in economic output will likely continue to be slow. Even slow growth has a positive effect on job growth, household income, real estate prices, construction, and retail sales.

Closer to home, the Illinois state economy is improving but at a lower rate than most other states. University of Illinois Professor Fred Giertz created the Flash Index to provide a quick reading of the state’s economy. He issues the index the first of each month using the prior month’s data. An index reading above 100 indicates an expanding economy and a reading below 100 indicates a contracting economy.

For the first ten months of FY 2014/15, the index increased and peaked at 107.1 in April 2015. The March 2016 index reading shows moderate growth rate of 105.1 as shown in the chart on the following page.



The University of Illinois, the two regional health care providers, the conservative business practices by most local lenders, and other factors support the stability of the local economy. Champaign’s unemployment rate of 5.9% is currently greater than the national rate of 4.9% but lower than the State of Illinois’ rate of 6.4%. Champaign’s rate is typically below the state’s rate.



As shown in the chart on the previous page, staff projected the City's fourteen major revenues for FY 2015/16 ended the fiscal year 2.4% (\$2.09 million) above FY 2014/15 actual receipts. Likewise, staff projects overall continued increases in major revenues for FY 2016/17 of 4.0% (\$3.68 million) above FY 2015/16 estimated year-end receipts. Increases in sales, hotel/motel, and food & beverage taxes quickly reflect positive trends in the economy. Sales tax, the largest revenue for the City, has shown steady progress with average recurring growth of 2.8% over the past four fiscal years.

Council adopted a 2% increase in the hotel/motel tax rate (from 5% to 7%) effective July 1, 2016. This will generate approximately an additional \$1.0 million, which the City will use primarily to fund asphalt street improvements. Additionally, projected income tax revenue for this fiscal year (FY 2015/16) year is at \$105.00 per capita according to updated projections by the Illinois Municipal League (IML). This is 3% above the budgeted revenue at \$99.00 per capita. The IML anticipates further growth in receipts for the upcoming fiscal year with estimated revenues of \$102.00 per capita.

Other revenues take longer to reflect changes in economic activity. Property tax revenue is based on the prior three years' equalized assessed value of taxable property (EAV). At the same rate as the prior year (1.3152), the 2015 property tax levy (collected in calendar year 2016) reflects EAV growth of 1.6% over the 2014 extended levy. The increase resulted in a projected \$649,777 increase in revenues for FY 2016/17. Annually City staff from Finance, Planning and Development, and Legal meet with the Township Assessor, Unit 4 School District officials, Library staff and Board Member, and the Park District to discuss the Board of Review decisions, development, and any other relevant information for that year. The information obtained in this meeting tends to drive City Finance staff's estimate for the change in EAV. For the 2015 levy, City staff's estimate was a 2.7% increase which is greater than the actual increase of 1.6%. As new construction values are added to the EAV, property values will likely continue to increase with the 2016 levy. The property tax levy is the largest revenue source for the Champaign Public Library, and the added construction values will positively affect the Library's revenues as well as other City services. Additional information on Library funding can be found under the Public Library section (pages 240-242) of the adopted budget.

The State of Illinois has operated in FY 2015/16 without an adopted budget. Many people who follow State affairs closely believe that the State will adopt a 2-year budget (FY 2015/16 and FY 2016/17 combined) during FY 2016/17. Because of the uncertainty of State action, the City has adopted its budget without reflecting any revenue reduction by the State, requiring a budget amendment if the State cuts City revenues at a later time. Detailed information on major revenues can be found on pages 44 to 51 of the FY 2016/17 budget document.

## **Safeguards for Fiscal Stability**

The City has many safeguards in place through conservative fiscal policies adopted by City Council, careful planning, and swift actions based on constant monitoring of the fiscal outlook. These safeguards have helped the City avoid the drastic, emergency cuts required by some units of government during the past recession. The City has used these safeguards for many years and continues to do so in the FY 2016/17 adopted budget. These safeguards include:

- a. **Budgeting Recurring Expenditures at 98.5% of Recurring Revenues:** The 1.5% difference serves as a buffer that protects the City from the need to cut services if revenues fall slightly under projections. It also allows the City a bit more time to make reductions if necessary. The adopted budget has expenditures at 98.5% of revenues.
- b. **Fund Balances and Reserves:** City policy calls for an unassigned General Operating Fund balance at a minimum of 10% of operating expenditures, not including transfers. It allows additional time for careful examination and planning in the event of a significant revenue shortfall, and provides contingency funds in the event of a natural disaster or other unforeseen funding need. For the FY 2016/17 budget, the unassigned General Fund balance is 12.4% (\$7.07 million) \$1.38 million greater than target. In light of the State of Illinois' budget difficulties, the Administration recommended including a \$2 million reserve to allow time to enact budget balancing measures in the event of State-shared revenue reductions.
- c. **Long Term Financial Forecasting:** Annually, the City prepares a Financial Forecast to get a perspective on the long-term fiscal outlook and to identify trends. This is done in the fall before work begins on the following year's budget. This allows City Council to provide direction on a budget strategy that addresses issues identified in the forecast. For example, if revenues are expected to grow faster in the short term but slow down in later years, the City might not commit all recurring available under the guidelines of the City's Financial Policy.
- d. **Ongoing Revenue Monitoring during the Year:** Staff analyzes receipts of major revenues and prepares new revenue projections every month. This allows the City to start addressing revenue shortfalls immediately when such trends materialize.

## Financial Summary

The adopted budget is balanced, provides the resources for existing recurring services, and includes a \$2 million reserve pending the outcome of budget decisions by the State of Illinois. The Administration based its budget recommendations on fiscal discipline, maintaining existing service levels, and setting the stage for future growth and development through continued capital improvement funding.

**Revenues.** Staff expects revenues for FY 2016/17 for all funds to total \$128.2 million excluding transfers. General Fund revenues account for \$81.2 million of the total revenues. Staff anticipates that economic growth will result in a modest increase in General Fund revenues of 3.9%, a \$3.1 million increase over year-end estimates. Additionally, one-time funding for the Multi-Modal Corridor Enhancement (MCORE) Project has bolstered revenues in capital improvement funds beginning in FY 2016/17. The MCORE project is funded by \$15.7 million in TIGER grant dollars, and partner agencies' contributions toward the local match of \$19.1 million, for an overall MCORE budget of \$34.8 million. The Capital Improvements Overview, later in the message, provides more information on the MCORE project.

**Expenditures.** Total adopted expenditures for all funds for FY 2016/17 are \$140.5 million excluding interfund transfers. In total, expenditures exceed revenues by \$12.3 million as part of a planned draw down of fund balance mainly in the Capital Improvement Funds. Fund balance is often used on a one-time basis for major purchases, such as equipment and vehicles, avoiding issuing debt by accumulating funds over time and then spending down fund balance in the year the purchase occurs. This “pay as you go” model for major purchases is common in the City’s Community Improvement funds. The FY 2016/17 budget includes funding of \$1.4 million for the 27<sup>th</sup> pay date, which occurs every 11 years.

Total adopted expenditures increased \$13.6 million (10.7%) from year-end expenditures for the current year, FY 2015/16. The increase results primarily from certain capital projects that were not completed or substantially completed during FY 2015/16 and remaining funding was rebudgeted into the FY 2016/17 year.

Adopted FY 2016/17 expenditures for the General Fund, which supports most basic municipal services, are \$85.2 million. Adopted General Fund expenditures exceed revenues by \$4.0 million.

**Reserves and Fund Balances.** The financial plan includes General Fund balances and reserves of about \$10.2 million, representing 18.0% of expenditures excluding transfers. These include an unassigned fund balance of 12.4% (\$7.1 million), less than two month’s General Fund expenditures. It provides a set aside for emergency and unforeseen needs that may arise during the fiscal year. In addition, the adopted budget includes the following designated reserves:

- \$2,000,000 pending State of Illinois budget decisions,
- \$664,200 for City facilities,
- \$406,616 for the CORE software project, and
- \$100,000 for trust liquidation.

The balances in the Financial Plan are smaller than the figures presented in the City’s Comprehensive Annual Financial Report (CAFR). Aside from a few exceptions, figures in the Financial Plan reflect cash on hand. Figures in the CAFR adhere to accounting standards used primarily in the private sector until recently. In accordance with generally accepted accounting principles, the reported balances include amounts due to the City, mostly from the State, rather than cash on hand. The table on the following page summarizes revenues, expenditures, and reserves, and fund balances for all funds:

	<b>General Operating</b>	<b>All Funds<sup>1</sup></b>
<b><u>Revenues &amp; Expenditures</u></b>		
<b>Beginning balance</b>	\$14,256,537	\$137,079,245
<b>Revenues</b>	\$81,173,010	\$128,178,464
<b>Available resources</b>	\$95,429,547	\$265,257,709
<b>Expenditures</b>	\$85,188,206	\$140,487,565
<b><u>Reserves &amp; Balances</u></b>		
<b>Pension reserves<sup>2</sup></b>	\$0	\$84,019,163
<b>10% unassigned target<sup>3</sup></b>	\$7,070,525	\$7,070,525
<b>Other reserves &amp; balances<sup>4</sup></b>	\$3,170,816	\$33,680,456
<b>Total reserves &amp; balances</b>	\$10,241,341	\$124,770,144

(1) Not including interfund transfers to avoid double counting

(2) This includes Firefighters Pension reserves only, as the Police Pension Fund uses a private accounting firm

(3) City policy calls for an unassigned General Operating Fund balance at a minimum of 10% of operating expenditures, not including transfers

(4) Other reserves and balances are restricted or committed due to Council policy, Federal law or State law.

Similar to the General Fund, reserves in other funds serve a variety of purposes. The particular purposes depend on the fund type. A complete listing of all the City's funds and reserves can be found on pages 52 to 57 of the FY 2016/17 Adopted Budget document.

- a. **Operating Funds.** Reserves in operating funds such as the General Fund bolster resources against revenue shortfalls or other unanticipated events. Total projected reserves for operating funds such as Parking, Sanitary Sewer, METCAD, and Library funds, excluding the General Fund, are \$7,952,018.
- b. **Internal Service and Equipment Funds.** These funds account for the financing of goods or services provided by one department to other City departments. Use of these funds does not provide additional revenue or expenditures to the City, but serve as a means to save for the time services are provided or goods are purchased. The reserves in these funds are planned for future purchases, eliminating undue fluctuation in expenditures. These funds are generally structured so that their revenues are relatively level each year while their expenditures fluctuate annually based on services provided or equipment replacement schedules.

For example, the General Fund transfers a set amount annually to the Vehicle Replacement Fund (VRF) for replacement of a Fire ladder truck over the life of the vehicle to avoid a spike in expenditures in the year when the vehicle is purchased. If the

City did not build a reserve for such major purchases, the expenditure for the entire cost of a major purchase would require the General Fund to use its reserves, cut expenditures, and/or find additional revenues to pay for the purchase. Further information on vehicle replacement can be found in the May 3, 2016 Budget Memo entitled “Vehicle Replacement Schedule - Information Only.” Total projected reserves for all Internal Services funds (Retained Risk, Workers’ Compensation, and Fleet Services) are \$6,770,700, and for Equipment Replacement funds are \$6,128,639.

- c. **Community Improvement Funds.** These funds are for capital projects and community development such as the Capital Improvement Fund, Tax Increment Financing funds, and the Urban Renewal Fund. The City typically uses a “pay as you go” policy for capital project funding, similar to the practice for major equipment replacement. In lieu of borrowing, the practice requires reserving money for capital projects prior to beginning the projects. This limits the total cost of doing the projects since debt service would add debt issuance and interest costs. For large projects, these additional costs could fund completion of other smaller projects instead. “Pay as you go” financing also allows for more flexibility if another priority arises, a project costs much more than the estimate in the capital plan, or revenues differ from estimates significantly. The total amount of reserves for all community improvement funds are \$5,752,422.
- d. **Debt Service Funds.** The Debt Service funds have reserves of \$3,905,860. Setting aside funds to pay debt service, in advance of the payments, is necessary to avoid increasing property tax levies to pay debt service.
- e. **Pension Funds.** The adopted budget also shows reserves of \$84,019,163 for the Fire Pension Fund because the City provides accounting services to the Fund. Reserves are not shown for the Police Pension Fund because the Police Pension Board has chosen to use the services of a private accounting firm.

## Supplemental Budget Recommendations

Annually, requests for additional funding for services are considered only after the financial policy targets are met as described under Safeguards for Fiscal Stability. The Administration considers these additional funding requests according to Council Goals and criteria adopted in the City’s Financial Policies. Supplemental budget recommendations in the budget are included based upon available funding and level of priority.

The Administration believes that the adopted supplemental budget recommendations for FY 2016/17 continue to support Council’s Vision and Goals. Emphasis was placed on finding creative and more efficient ways to meet increasing demands on City services as highlighted below:

- a. More effective management and oversight of personnel resources and additional manpower while reducing mandatory overtime at the Fire Department,
- b. Improve quality of life for neighborhoods through personnel and other changes in the Neighborhood Services and Legal Departments, and

- c. Continued support for the Champaign Community Coalition to improve the lives of residents across our community.

The budget includes one-time supplemental budget recommendations of \$595,853 for all funds, leaving \$1.4 million unallocated to increase fund balance. Recurring supplemental budget recommendations in the General Fund will increase expenditures by \$794,232 leaving an additional \$205,768 to increase fund balance. In the other funds, recurring expenditures will increase by \$12,896. The Administration has included the cost of these supplemental recommendations in the adopted FY 2016/17 budget. A complete listing of all recommendations by Council Goal is located in the May 3, 2016 “Budget Memo 2016/17 Supplemental Budget Recommendations – Information Only” and in Major Budgetary Changes found on pages xii to xx.

### **Salary and Staffing Overview**

Most of the position changes for FY 2016/17 represent reallocation of resources to better address priority services or addition of positions to meet new or increased service demands to advance City Council goals. The adopted Salary and Staffing Ordinance includes 495.935 full-time equivalent positions (FTE), an 8.200 FTE increase from the FY 2015/16 staffing level (a 1.000 FTE increase in temporary positions and a 7.200 FTE increase in recurring positions). The changes to City staffing levels are described in detail in the May 3, 2016 Budget Memo entitled “Proposed FY 2016/17 Salary and Staffing Changes - Information Only” and in Major Salary and Staffing Changes found on pages 271 to 273.

The figures above do not include the Library, which presents a separate Salary and Staffing Ordinance. For FY 2015/16, the Library has a total personnel complement of 82.475 FTE and plans to hold 11.625 FTE vacant. At this vacancy level, the Library has reduced its overall work force by about 14% over the last seven years. The Library’s proposed staffing levels are described in the Budget Memo entitled “Proposed Library Budget” (SS 2016-024).

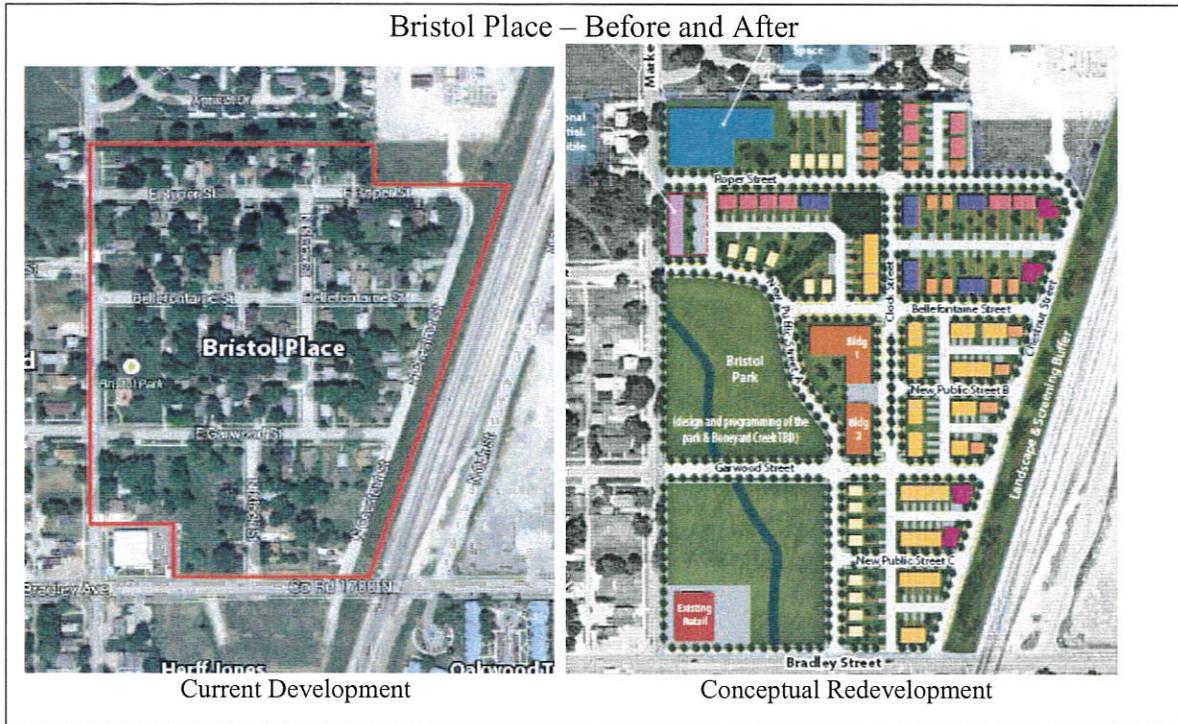
### **Capital Improvements Overview**

Annually, the ten-year Capital Improvements Plan (CIP) is updated to reflect new project cost estimates and contractual obligations and prioritize new projects important to the ongoing maintenance, rehabilitation and expansion of the City’s infrastructure. The adopted CIP includes expenditures of approximately \$51.6 million in FY 2016/17 and over \$338.0 million from FY 2016/17 to FY 2025/26. Further detail on the Capital Improvements Plan can be found in the Capital Improvements Section of the budget document (pages 247 to 264).

Highlighted below are key projects included in the CIP:

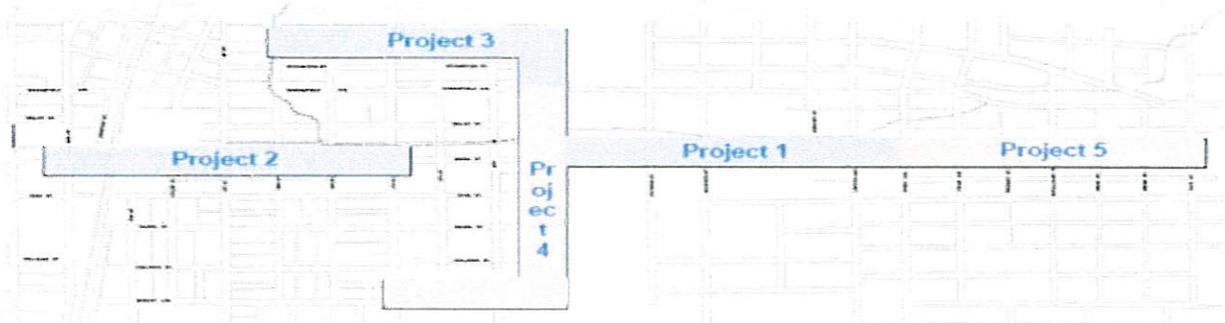
- a. **Bristol Place Neighborhood Implementation Plan:** This project funds implementation of the Bristol Place Neighborhood Plan. The expenditures for FY 2016/17 are \$2.9 million and \$9.1 million over the ten-year CIP. The Neighborhood Plan identified five goal areas: housing/land use, human development, parks/open space, public safety, and transportation.

### Bristol Place – Before and After



**b. Multimodal Corridor Enhancement (MCORE) Projects:** The Champaign-Urbana Mass Transit District (CUMTD), with the support of the City of Champaign, City of Urbana, and the University of Illinois, applied for and received a \$15.7 million Transportation Investment Generating Economic Recovery (TIGER) VI Grant for the construction of MCORE. MCORE consists of five corridor improvement projects in the heart of the University District. The MCORE project requires a local match of about \$19.1 million, bringing the overall estimated project cost for all five projects to approximately \$34.8 million. Based on design work that has been completed to date, an overall estimated cost of \$41.8 million is projected for all five projects, \$7 million the estimate for the grant application. Champaign’s share of this additional amount is \$4.5M. Proposed MCORE expenditures for FY 2016/17 total \$11.1 million, much of which paid by reimbursements for partner agencies. The adopted CIP includes the following projects for next fiscal year, shown on the map on the following page:

- \$5.7 million for Green Street (Wright to Race #0477),
- \$3.0 million for Green Street (Fourth to Neil #0507),
- \$2.1 million for White Street (Second to Wright #0614), and
- \$0.4 million for Wright and Armory (#0693).



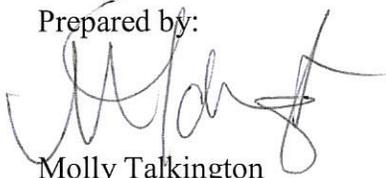
## Conclusion

The adopted budget is balanced, provides the resources for existing recurring services, and recommends additional investment to further support the Council's Vision and Goals. The adopted budget meets the City's Financial Policies and provides a cushion to allow the City time to react thoughtfully if the State of Illinois adopts budgets for FY 2015/16 and FY 2016/17 that cut City revenues. Going forward, the City will continue to look for ways to improve, enhance and support City services for the overall wellbeing of the citizens.

## Acknowledgments

It would not be possible to prepare this Financial Plan without the dedicated efforts of employees throughout the City organization. Finance Department staff members deserve special recognition for their efforts to complete the necessary financial forecasting and analysis, and for coordinating all the information provided by City departments for inclusion in the budget. As well, special recognition belongs to the Police Department for providing assistance to fill Finance Department staffing vacancies during this budget process. The citizens of our City are well-served by our employees who routinely seek ways to provide services more efficiently and effectively, assuring that we maintain high quality services within available resource levels.

Prepared by:



Molly Talkington  
Financial Services Manager/Budget Officer

Reviewed by:



Richard Schnuer  
Finance Director

## MAJOR BUDGETARY CHANGES

Each year, as part of the budget preparation process, departments submit budget changes to the City Manager for consideration. When departments identify service needs that they cannot accommodate within their authorized target levels, they can request that the City Manager recommend that Council increase department operating budgets to fund these increased expenditures based on Council goals. The following are major budgetary changes approved by Council with the adopted budget:

- 1) **\$192,922 Donation and Grant Funded for Public Safety (Cost Neutral to the General Fund).** The Police and Fire Departments have been very successful in obtaining grants and donations to fund public outreach and education and expand prevention and enforcement efforts. These departments anticipate receiving grants and donations next year in the amount of \$192,922. These programs are cost-neutral; the program expenditures and anticipated revenue have both been included in the budget so the net impact on the adopted budget is \$0. Staff considers them one-time revenues and expenditures since there is no guarantee that the City will continue to receive the funding in the future:
  - \$50,000 - 2016 Edward Byrne Memorial Justice Assistance
  - \$17,374 - Drug Enforcement Agency
  - \$10,500 - Emergency Support Services Team
  - \$17,548 - Federal Bureau of Investigations
  - \$6,000 - Immigrations and Customs Enforcement Agreement
  - \$17,000 - Roadside Safety and Seatbelt
  - \$47,500 - Strategic Traffic Enforcement Patrol (STEP)
  - \$24,000 - United States Marshals Fugitive Task Force
  - \$3,000 - University of Illinois Fire and Life Safety Education
  
- 2) **\$329,077 Recurring Funding and \$267,194 One-time Funding for Staffing Cost Associated with Existing Services.** The City is at a point where workload is continuing to increase while staffing has decreased or remained at the same level in many departments. Some of this staffing gap was created during the years when positions had to be eliminated due to revenue shortfalls from the economic downturn. In an effort to better address the needs of the City, the budget recommendations include the restoration, addition and/or reallocation of various positions. To minimize the cost of these staffing changes, staff has identified offsetting expenditure reductions and/or corresponding revenue, totally \$979,728. The offsets have been included in the budget so the net impact on the adopted General Fund budget from these staffing recommendations is \$329,077 recurring funding and \$267,194 one-time funding:
  - **Fire Department.** The Fire Department has evaluated the current organizational structure and has established operational, safety, training, and administrative priorities that will increase opportunities for safety, reduce overtime, and improve administrative oversight. Effectively meeting safety, operational, and administrative goals will require some organizational restructuring and addition of

positions. Further information on these requests can be found in Budget Memo 2016/2017, SS 2016-025: Fire Department Staffing. In total, the Fire Department reorganization will increase one-time expenditures by \$54,360 and recurring expenditures by \$51,651 in the General Fund.

- **Legal Department.** The Legal Department is currently staffed by a City Attorney and three Assistant City Attorneys. Each Assistant City Attorney is assigned to different departments and areas of specialty. Legal Department workload has increased in recent years including increased code enforcement, Freedom of Information Act (FOIA) requests, and civil litigation defense work. The Legal Department has continued operating at the same staffing level for the Attorney position since 1985, which was the last time an Attorney was added to staff. The budget recommendations include the addition of one 1.00 FTE Assistant City Attorney to address this growing workload. This SBR increases General Fund recurring expenditures by \$107,683 but is partially offset by \$25,000 in revenues for a net increase of \$82,683 annually.

The Paralegal position was created in 2000 to staff the City Court further. In 2011 it was reduced to 0.75 FTE and in 2014 it was reduced to 0.50 FTE. The position, however, until 2014 was increasingly involved in court litigation, discovery and all other phases of this more complex litigation. When the position was reduced, the civil litigation functions were instead performed by outside counsel. The cost savings are estimated in an average year to be \$20,000-\$30,000. With the adopted changes, the Legal Department will retain its current 0.50 full time equivalent (FTE) Paralegal and gain a temporary two-year Paralegal position at 1.00 FTE. One paralegal will focus primarily on civil litigation and the other will focus primarily on City Court. This adopted change would allow the City to save a considerable sum of money that would otherwise be paid to outside counsel to assist in defending the City against civil claims. This change would increase one-time expenditures in the General Fund by \$77,308 annually for two years.

Additionally, enforcement of the vacant nuisance residential buildings ordinance by the Neighborhood Services Department has increased the need for legal services to process structures for demolitions. The adopted budget includes a \$4,000 increase in recurring funds for legal notices in the Legal Department.

- **Neighborhood Services Department.** With the implementation of the Vacant Nuisance Residential Buildings Ordinance, the number of vacant structures evaluated and processed for demolition increased. Staff expects the numbers to remain high in FY 2016/17. The adopted budget includes one-time funds of \$60,000 to pay for the increased of demolitions.

Due to a decrease in Community Development Block Grant (CDBG) funding, staff recommends discontinuing the transfer of \$40,000 from the CDBG to the General Fund for code enforcement activity. This transfer was instituted in FY 2010/11 as a budget balancing measure for the General Fund during the economic

downturn, but the General Fund now has the ability to resume funding of this activity. By discontinuing the transfer, recurring expenditures in the General Fund would increase by \$40,000.

In an effort to increase capacity within the Code Compliance team, a position upgrade for the existing Environmental Inspector to a Property Maintenance Inspector is recommended. This position would then be able to respond to the full breadth of requests (e.g. tenant inspection requests, and certified housing inspections) that are not appropriate under the Environmental Inspector position classification. This recommendation increases General Fund recurring expenditures by \$25,490.

- **Human Resources Department.** Similar to the Legal Department, workload of the Human Resources (HR) has increased steadily in recent years. HR staffing was also reduced during the economic downturn, offset by hiring freezes and the elimination of certain baseline services. While the reduction in HR services was necessary to accommodate the staff reduction, they are not sustainable over the long term if the City wants to maintain its goal of recruiting, hiring, training, and retaining a top-quality workforce. This recommendation would add a two-year Human Resources Specialist to support baseline services and to restore employee training, mentoring, and succession planning programs. The change is adopted for a limited term to allow the City Administration sufficient time to evaluate service demands on an ongoing basis. The two-year appointment also allows for implementation of the CORE software project which may create some efficiencies in the HR work program. The General Fund expenditures would increase \$90,246 annually for two years.
- **Information Technologies.** Staff recommends adding a new full-time recurring position of Information Technology (IT) Technician to meet the increased demand on IT resources by the Police and Public Works Departments as they implement new technology. In the Police Department, Police Officers currently are being used to address technical support voids that cannot be addressed within existing IT staff levels.

As a result available policing hours are being reduced. The addition of this IT Technician position will allow several officers, currently covering IT gaps, to focus their time on police work. Additionally, the Public Works Department has unique IT needs, programs such as Cityworks and See-Click-Fix, and necessary general computer maintenance needs. The new position will facilitate an overall restructuring of duties within the IT Department and provide an opportunity for other IT staff members to focus on purchasing and inventory of hardware/software. This recommendation will increase General Fund recurring expenditures by \$66,525.

IT also proposes to implement an enhancement to network security would provide a level of separation between the City's internal network and Internet traffic beyond the City's current capabilities. The enhanced service should prevent a

successful malicious denial of service attack. The security enhancement will be a one-time cost of \$30,000.

- **Police Department.** In addition to the IT support requested above, the Police Department requires staff to process the data collected through new technology. The Department currently manages thousands of hours of in-car video evidence from 35 squad car cameras. This includes burning CDs and DVDs for the State's Attorney's office, reviewing, cataloging, and tagging digital evidence, and making sure it is properly saved and capable of retrieval. The Police Department also has released a Request for Proposals to procure body cameras for each police officer. After conducting research on body worn cameras, this addition of 125 cameras the department expects the cameras to increase its volume of digital evidence approximately ten times. Staff recommends adding a full-time Evidence Technician to handle the increase in data. This recommendation would increase General Fund recurring expenditures by \$71,327.

To address a significant increase in gun violence, the Police Department was part of the multi-jurisdictional Champaign County Street Crimes Task Force this past summer. Beginning in February 2016, Champaign Police, along with the City of Urbana and University of Illinois Police Departments continued to focus on violent offenders in our community with special focus on those involved with gun violence. To fully support this special unit on an ongoing basis, the Police Department repurposed three positions from the former Narcotics Unit. With approval of this budget recommendation, the Police Department would transfer two positions from the Patrol Division to Investigations beginning July 1, 2016 to further expand this unit. Additionally, this unit will require the purchase of two vehicles, workstations and other equipment, and specialized training for the five officers and Sergeant involved. This budget recommendation will increase General Fund recurring expenditures by \$31,401 and one-time expenditures by \$45,280.

- 3) **\$20,000 Recurring Funding for the High Tech Crimes Unit.** This proposal would allow two Officers to obtain and maintain high tech crimes certifications, providing the department two certified Cell Phone Examiners and training and certification for recovery, analysis, and reporting of internet history and social media artifacts on computers and cellular devices. The two Detectives assigned to the High Tech Crimes Unit require on-going training as the technology used to solve these cases changes continually. Certifications are necessary to allow credible testimony regarding methods used when harvesting information from these devices. This technology will greatly aid investigations of certain types of criminal cases, likely leading to more successful case resolutions. This proposal would increase recurring funding in the General Fund by \$20,000 for training, equipment, and supplies.
- 4) **\$68,000 One-time Funding for Investigations Overtime.** Over the past four years, the Investigations Unit in the Police Department has experienced a significant increase in the amount of overtime hours. This results from circumstances largely

outside the control of the Police Department, particularly concerning the significant increase in gun violence and homicide investigations. Much of this work is done during the regular workday, but many crimes occur outside of the regular work schedule. The Police Department must bring Detectives in to start their investigations as soon as a crime is disclosed. This recommendation would increase overtime funding in the General Fund by \$68,000 on a one-time basis.

**5) \$46,005 Recurring Funding for Public Works for Increased Utility Costs and Various Other Fees.**

- **Champaign Urban Urbanized Area Transportation Study (CUUATS).** CUUATS is the transportation entity of the Champaign County Regional Planning Commission responsible for administering the federally mandated transportation planning process for the County. The annual increase for FY 2016/17 participation in CUUATS is 5% plus an additional \$500 fee for a GIS data.
- **Light Emitting Diodes (LED) Streetlights.** The City installed eight additional LED streetlights as part of the South Mattis construction project. Staff estimates the additional streetlights will cost the City approximately \$500 annually.
- **Electricity Contract.** The City entered into an agreement for electricity used by City facilities on September 24, 2015 with Champion Energy, LLC for the period June, 2016 through May, 2018. The new contract rate (\$0.05501), approximately 22 percent higher than the current rate (\$0.04522 per kWh), results in an estimated cost increase of \$35,453.
- **Tipping Fee.** The tipping fee at the Urbana Transfer Station has increased to \$70 per ton from \$68.50 per ton, a \$1.50 per ton increase. Since the Public Works Department took 1,573 tons of waste to the Urbana Transfer Station in FY 2014/15, staff estimates increased tipping fees of \$2,360 annually.

**6) \$28,500 One-time Funding for On-Street Trash Collection.** During FY 2014/15 and FY 2015/16, the Public Works Department reallocated existing funds to cover an annual budget shortfall of approximately \$28,500 for on-street trash collection. The City currently contracts for trash collection with Allied Waste Transportation, Inc., with the contract term of July 1, 2015, through June 30, 2016 with 2 one-year contract extension options with 3% rate increases for each option year. This recommendation is for one year of the existing annual shortfall. Public Works requested one-time funding because the department will evaluate whether to complete this service with "in house" forces instead of contractual forces in the future.

**7) \$16,400 One-time Funding for Annual Commercial Fire Inspections.** Currently, the Fire Department has two existing firefighters devoting a portion of their time as Assistant Deputy Fire Marshals that conduct inspections of businesses within the City. This proposal would allow two more firefighters to serve as Assistant Deputy Fire Marshals, increasing the number of inspections conducted in FY 2016/17 and increasing General Fund one-time expenditures by \$16,400.

- 8) \$10,000 Recurring Funding for Special Weapons and Tactics (SWAT) Team Medics Training.** Fire Department medics provide medical support to the Police Department's SWAT Team. Training is used to prepare for possible injuries sustained while the Police Department's SWAT team is deployed. This proposal would increase the recurring funds by \$10,000 in the General Fund, bringing the total funding for medics to \$20,000 annually. The funds are used for training and to facilitate adequate levels of support during SWAT deployments.
- 9) \$15,000 One-time Funding for Hazardous Materials Response Team Training.** The members of the Hazardous Materials Response Team receive specialized training in the prevention and mitigation of incidents involving hazardous materials. These firefighters provide this service in addition to their usual firefighting duties. This proposal will increase General Fund one-time funding by \$15,000 to provide training and conduct needed equipment maintenance and repair.
- 10) \$25,000 One-Time Funding for Fire Peer Fitness Training Program.** This would provide one-time General Fund funding to certify six firefighters as Peer Fitness Trainers and provide support equipment per the International Association of Fire Fighters (IAFF) contract. As a cost saving measure, the IAFF Local 1260 would hold the certification class in Champaign to eliminate travel expenses.
- 11) \$20,000 Recurring Funding for Fleet Inventory.** Motor vehicle parts availability and remains an integral part of providing timely customer service to City vehicles and other equipment needed for rapid responses to a variety of work activities and emergencies. This proposal would increase current funding for parts to keep current levels of response and customer service. Since the Fleet Services Fund is an internal services fund, the City charges the Fund's expenses to the departments receiving its services. Since the Fire and Police Departments use most of the equipment that use these parts, General Fund expenditures in these departments would increase by \$20,000.
- 12) \$55,701 Recurring Funding for JULIE Locating Services.** In FY 2015/16, Public Works brought JULIE locating services "in-house" to avoid increasing contractual costs by the only locating vendor in the region. The contractual cost for this service in FY 2014/15 was approximately \$221,000 and projected to increase. Staff brought the work "in-house" to generate a recurring savings of approximately \$38,600. However, JULIE locating work hours have been averaging approximately 122 hours per week requiring the addition of one Maintenance Worker I locator to supplement the program (bringing the total to two). This increases the General Fund recurring expenditures overall by \$55,701 as shown on the following page:

<b>Fund – Description</b>	<b>Revenue</b>	<b>Expenditure</b>
General Fund:		
a) Maintenance Worker I and program materials		100,301
b) Illinois Department of Transportation Reimbursement	6,000	
c) Transfer in from Sewer Fund	20,567	
d) Transfer in from Stormwater Fund	20,567	
e) Use of expenditure savings from bringing program "in house"		(38,600)
Subtotal	47,134	61,701
Sewer Fund:		
Transfer out to General Fund		20,567
Stormwater Fund:		
Transfer out to General Fund		20,567
<b>Total All Funds</b>	<b>\$47,134</b>	<b>\$102,835</b>

Even with the addition of another locator, taking this service in-house remains the most cost effective and efficient manner of performing locating services.

- 13) \$57,000 One-time Funding for Parking Services Staffing Reorganization to Result in \$28,238 Recurring Funding Savings.** The parking maintenance section is responsible for 1,700+ parking meters, nine Downtown parking lots (450 spaces), and 1,075 University District permit spaces (on street and in lots). The staffing for this section has been at 3.55 FTEs for several years. With a vacancy in the Meter Worker I (0.55FTE) position, Public Works Administration re-evaluated the current staffing needs and recommends increasing the Meter Worker I position to full-time at 1.00 FTE and eliminating a 1.00 FTE Parking Enforcement Officer and the 0.25 FTE Parking Intern. This will allow staff to maintain routine meter collections in addition to increasing planned maintenance activities since the City has aging meter infrastructure. In addition, the position can maintain parking facility cleanliness and landscaping needs, and address changing parking needs due to continuing development of the City.

Additionally, the parking enforcement vehicles are scheduled for replacement. The current vehicles are compact pick-up trucks for which the City does not receive competitive prices. Therefore, additional funding is recommended to provide suitable replacement vehicles, resulting in a one-time funding need of \$57,000 for the initial purchase. This proposal reduces recurring funds by \$28,238 in the Parking Fund since the cost of the eliminated 1.25 FTE position costs exceed that of the 0.45 FTE Meter Worker I increase, and recurring vehicle costs should decrease as well.

- 14) \$167,730 Recurring Funding in FY 2016/17 for Police and Fire Pension Funding Assumption Changes.** Best practices for pension funds include periodic reviews of the underlying factors used to determine the appropriate funding for the funds. Staff recommends changing the demographic assumptions for the Fire Pension Fund and decreasing the rate of return assumption for both Police and Fire Pension from 7.0%

to 6.75% annually. The recurring expenditure increase to the General Fund for FY 2016/17 is \$167,730 for six months of the first year's normal costs. Future years' expenditure increases will be greater as the full normal and unfunded liabilities are added. Further detailed information can be found in Budget Memo 2016/2017, SS 2016-026: Police and Fire Pension Funding.

**15) \$105,853 Recurring Funding for Staffing and Program Costs for the Community Coalition, Offset by a One-time Savings of \$24,641.** This recommendation would continue Community Coalition program activities by increasing General Fund expenditures by \$51,500, offset by the partner agency contributions of the same amount. In addition, staff recommends continuing the Community Relations Manager for the Community Coalition position (1.00 FTE) on a recurring basis. General Fund recurring expenditures will increase by \$105,853, offset in FY 2016/17 by the reduction of previously approved one-time funding of \$24,641 to support this position. This full-time position provides community-wide coordination and support to the Champaign Community Coalition launched in 2012 to improve police-community relations and opportunities for youth and their families.

**16) \$17,000 of One-time Funding for Footing and Foundation Inspections.** The increase in economic development translates to increased inspections for Building Safety. Our City's ability to complete plan review and inspections in an expeditious manner has historically provided a competitive advantage over other cities. A number of large commercial and multi-family projects have started since 2014 and are continuing into FY 2016/2017. To maintain our high level of responsive service and keep up with the increased demand, this proposal would provide continued funding for outside services to conduct additional footing and foundation inspections in the General Fund.

**17) \$5,000 Recurring Funding for Council Document Preservation.** This provides funds to preserve and improve accessibility to Council documents (minutes, resolutions, ordinances, and any attached Council reports) since the City's inception. The project includes the following:

- scan newly-created documents to digital format and make them available to the public online,
- microfilm them in the event of any loss of the paper documents, and
- store the original paper Council documents at a facility that meets archival standards.

**18) \$6,000 Recurring Funding and \$2,400 One-time Funding for Digital Asset Management.** A digital management solution would provide one location to store, catalog and implement a search system for digital images and assets for use in City presentations, reports, communications and the City's website. General Fund recurring expenditures would increase by \$6,000 for the annual subscription for the software and one-time expenditures by \$2,400 for staffing to complete initial workload to gather, catalog and input the City's digital assets into the new system.

**19) \$30,000 Recurring Funding and \$30,000 One-time Funding for Web Support Services from the General Fund.** Outsourcing web support has proven to be effective and efficient over the past year, but was only funded on a one-time basis. Continued work is needed to complete the City's website refresh, requiring additional one-time expenditures of \$30,000. The recommended increase in recurring expenditure of \$30,000 would provide for web page development and updates, support issues, WordPress support, and other issues as they arise.

**20) Establish a Reserve Pending State of Illinois Budget Decisions.** The State of Illinois has operated in FY 2015/16 without an adopted budget. Many people who follow State affairs closely believe that the State will adopt a 2-year budget (FY 2015/16 and FY 2016/17 combined) during FY 2016/17. Because of the current uncertainties, the City will likely adopt its budget without reflecting any revenue reduction, requiring an amendment to the budget at a later time in the event of a cut in the City's State-shared revenues.

The Administration recommends maintaining a \$2 million reserve in the General Fund pending State of Illinois budget decisions. This amount is approximately one-fourth of the City's Income Tax revenue. As in the past, the City's citizens, and the organization as a whole, have benefited from proactive, thoughtful planning in the event of a potential shortfall and the reserve provides funding to allow Council to use that same method, if needed. The Administration will work with all departments to identify budget-balancing measures for Council consideration if the State adopts reductions to the City's revenue. In the event the State does not significantly reduce the City's revenues, then the reserve funding would be available for other one-time City services and/or would increase the General Fund's unassigned balance.