



Budget Report to Mayor Olson & City Council

Date: November 9, 2017

From: Jeffrey A. Fiegenschuh, MPA, ICMA-CM, City Manager

RE: CY 2018 City Budget

It is my pleasure to submit to you the operating and capital improvement budget for the City of Rochelle and Rochelle Municipal Utilities the calendar year beginning January 1, 2018. The numbers reflected in this document are part of the PowerPoint presentations on November 15th and 16th. The entire City of Rochelle proposed CY 18 budget is \$88,418,117.

Proposed General Fund expenditures for the new calendar year total approximately \$9,467,565, with General Fund capital outlays of approximately \$190,258. Proposed budgeted expenses are \$62,922,349, of which \$19,438,469 is for capital outlays. All other funds, including special, capital improvement, and internal service total \$16,028,203.

In preparing this budget document, our team worked to ensure it is informative and easy to understand. This executive summary along with an electronic version of the budget presentation is available on the City's website and Facebook page.

Although our team will be meeting next February to determine a new set of goals to move the City forward, this year's budget represents the City of Rochelle's ongoing mission to provide fiscally responsible, high quality, responsive services to our community. As in previous years, it is the intention of Staff that this budget reflects the priorities of our Elected Officials. The key priorities that have guided the Staff's efforts in developing the budget include the following:

- Revenues have been estimated at realistic and conservative levels
- Basic services are financed at appropriate levels
- Investment in infrastructure continues to be a priority and is funded with motor fuel tax, sales tax, and the local utility tax.

- Total full-time Staff has decreased and further reductions and consolidations will occur when possible.
- New growth is pursued with the continuation of incentives to expand the local tax base, specifically the City's industrial and commercial parks, the possibility of a new Northern Gateway TIF, promotion of the City's Enterprise Zone and reinvestment in the Downtown corridor.
- A continuation of the City's overall appearance is being supported through renewed investments in our Downtown area. This includes promotion of the Downtown TIF and the possible creation of a Downtown Historical District. The City is pushing a renewed interest in investment on and near Highway 251 South of the overpass.
- Continued investments in the City's utility infrastructure including initial funding for two new substations and transmission lines to provide more reliable service to our industry in the West sections of town.
- Additional funding is being made available for much needed upgrades in our water and water reclamation infrastructure.
- In 2017, the Mayor and City Council approved entrance into QCHIP Benefits Cooperative in an effort to control health care costs long-term. This decision helped ensure deeper cuts were not needed in the General Fund budget.
- The Mayor and City Council are considering changing personal property and liability insurance carriers with a potential savings to the City of over \$100,000 annually.
- The budget includes funding for an employee pay and compensation plan to help establish actual pay ranges for positions along with new classifications that will allow for better internal and external comps.

The City needs to continue to address the fiscal pressures presented by the following issues:

- Relatively flat sales tax collections
- Escalating Police and Fire pension costs
- Current electric rates, specifically for our commercial customers
- Other General Fund revenues that remain flat or stagnant
- Overreliance on inter-fund transfers from the Landfill Fund
- The continued State of Illinois budget issues
- Possible funding cuts in the Local Government Distributive Fund (LGDF)

The following sections outline several significant funds within the City of Rochelle.

The General Fund

The General Fund budget supports many of the day-to-day activities of the City. The departments housed within this fund include Street, Cemetery, Engineering, Police, Fire, City Hall, Administration, Economic Development, and Community Development.

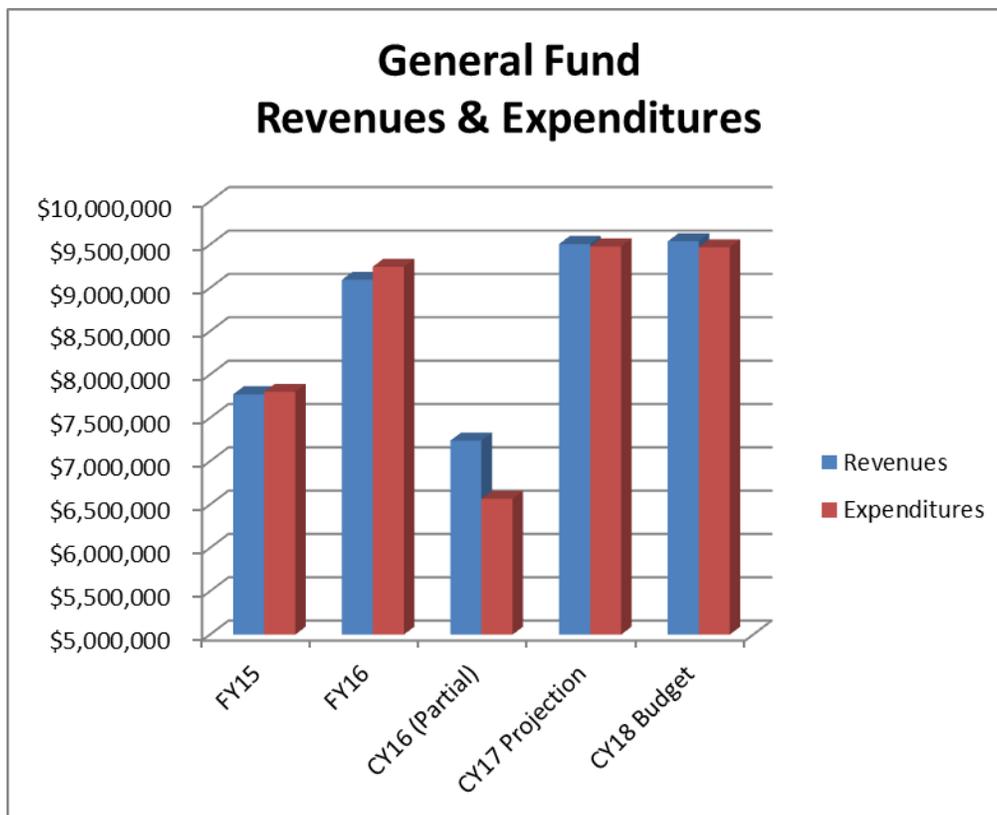
The total General Fund budget for the new CY contains \$9,467,565 in expenditures. These allocations reflect our commitment in providing core services to our community and, as stated before, were developed using the best available information and most current revenue projections. The budget for the new calendar year however, includes an overall decrease in expenditures of \$970,249 from the previous calendar year approved budget. Due to Council

guidance and staff dedication, many cuts were made in the CY 17 budget that reduced overall General Fund spending. As of November, the projected expenses for the current calendar year are \$9,477,503. The proposed budget represents a decrease of \$9,938 over the current projected amount.

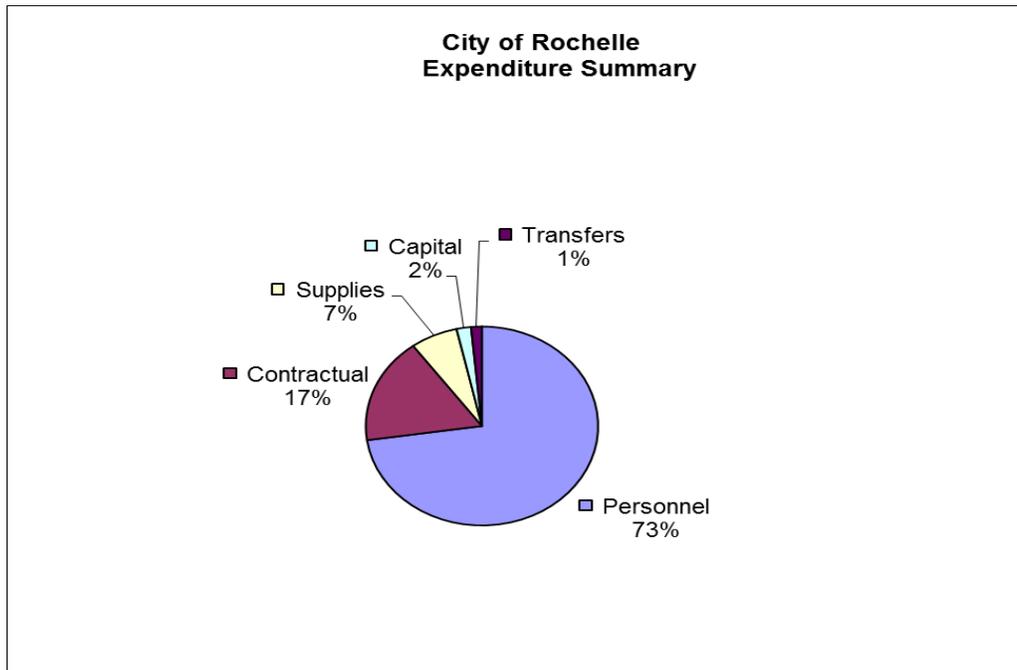
The major revenue sources of the General Fund include sales tax, property taxes, LGDF income tax sharing, video gaming taxes, charges for services, licenses, and transfers in from other funds (enterprise funds). Other revenues generated that are allocated for capital improvement costs include the three quarters of a cent non-home rule sales tax, motor fuel tax, and the utility tax.

This also includes an increase in transfers from the Railroad Fund along with the Water and Water Reclamation Funds. These increases bring those utilities in line with the electric utility transfer of 5% of revenues. Even with these increases the City is still at or below the industry standards for in lieu of tax payments from utility funds.

One other notable change in the budget is the decreased transfer to the General Fund from the Solid Waste Fund. With declining revenues and direction from the City Council to reduce these transfers, staff made the necessary cuts to reduce the budgeted transfer to \$10,000 in the CY 18 budget. This decision reduces the City’s reliance on these funds to balance the General Fund budget and ensures the General Fund is not affected by future decisions by the landfill operators to decrease the amount of garbage they accept.



The major expenses for the General Fund include Public Safety, Administration, Streets & Cemetery, Community Development, and Engineering. Within each department the major expenses include personnel Services (salaries and benefits), contractual services, supplies and capital outlay.



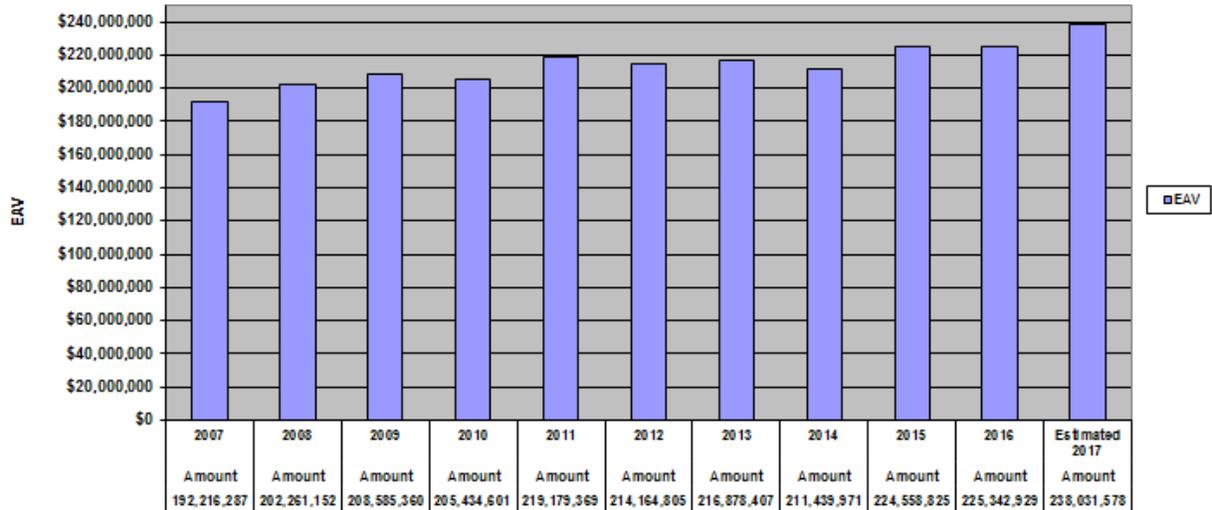
At the end of CY 2017, the General Fund cash balance is projected to be \$1,519,112. The cash reserve policy recently approved by the City Council requires 15% of the general fund budget be available in cash at all times. The City's total cash on hand continues to exceed the minimum cash policy required amounts by approximately \$100,000. Lastly, a majority of the outstanding long-term debt held by the City is obligated to the TIF and enterprise funds. Currently there is no long-term debt obligated to the General Fund.

Major Revenue Sources of the General Fund

City Property Tax Rate

The final budget is based on a property tax request of \$2,486,713 which equates to a rate of \$1.04 per \$100 of assessed valuation. This is an increase of \$113,717 over the previous calendar year. The increase is attributed to increased pension and liability insurance costs. The City Council and Staff have done a good job controlling the growth of the City's overall property tax rate. Since 2013 the rate has remained between \$1.00 and \$1.05. Below are several charts highlighting the City's Equalized Assessed Value and levy request.

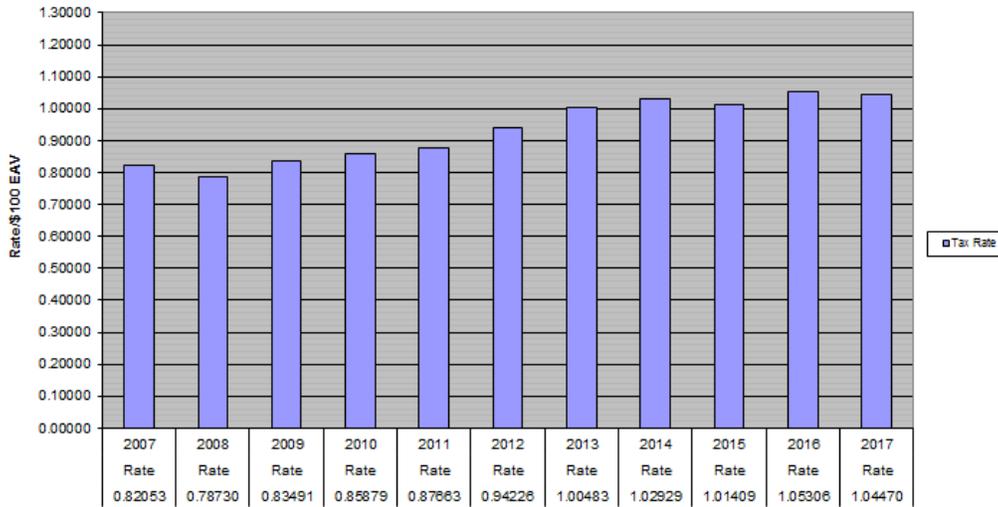
**City of Rochelle
EAV**



Year and EAV

CITY OF ROCHELLE							November 1, 2017
REAL ESTATE TAX RATE EXTENSION FOR TAX YEAR 2017							
		2016	2016	OGLE COUNTY		EXTENDED	
DESCRIPTION	MAX. RATE ALLOWED	ACTUAL LAST YRS RATE	ACTUAL TAXES LEVIED	EAV ESTIMATED 2017	2017 RATE	2017 LEVY	
			225,342,929				
GENERAL CORPORATE	0.2500	0.244640	551,278.94	238,031,578	0.226138	538,278.94	
BOND (AIRPORT)	NO LIMIT	0.027530	62,036.91	238,031,578	0.025491	60,677.50	
IMRF	NO LIMIT	0.069050	155,599.29	238,031,578	0.074868	178,210.00	
FIRE PROTECTION	0.0750	0.075000	169,007.20	238,031,578	0.075000	178,523.68	
FIRE PENSION	NO LIMIT	0.161760	364,514.72	238,031,578	0.160062	380,997.00	
POLICE PROTECTION	0.0750	0.075000	169,007.20	238,031,578	0.075000	178,523.68	
POLICE PENSION	NO LIMIT	0.181720	409,493.17	238,031,578	0.192035	457,105.00	
AUDIT	NO LIMIT	0.010710	24,134.23	238,031,578	0.005937	14,131.00	
INSURANCE	NO LIMIT	0.072670	163,756.71	238,031,578	0.096903	230,660.00	
SOCIAL SECURITY	NO LIMIT	0.064980	146,427.84	238,031,578	0.093265	222,000.00	
CROSSING GUARD	0.0200	0.020000	45,068.59	238,031,578	0.020000	47,606.32	
STREET LIGHTING	0.0500	0.050000	112,671.46	238,031,578	0.000000	-	
TOTAL LEVY:		1.053060	\$ 2,372,996.26		1.044699	\$ 2,486,713.12	
FUND	% CHANGE	\$ CHANGE	LESS EXCLUSION:			\$ 60,677.50	
FIRE PENSION FUND	4.52%	\$16,482	2017 TAXES LEVIED:			\$ 2,426,035.62	
POLICE PENSION FUND	11.63%	\$47,612	2016 TAXES LEVIED LESS EXCLUSION:			\$ 2,310,959.35	
GENERAL FUND	-10%	-\$104,101					
OTHER FUNDS	31.65%	\$155,083					
			NET \$ INCREASE-PREV. YR			4.98%	

**City of Rochelle
Property Tax Levy**



YEAR and RATE

For homeowners in the City of Rochelle, the City's total property tax requests accounts for less than 13% of their overall consolidated county wide property tax bill. Below are three examples of what a typical homeowner will pay in City property tax in CY 18 based on estimated EAV and levy amount approved by the City Council.

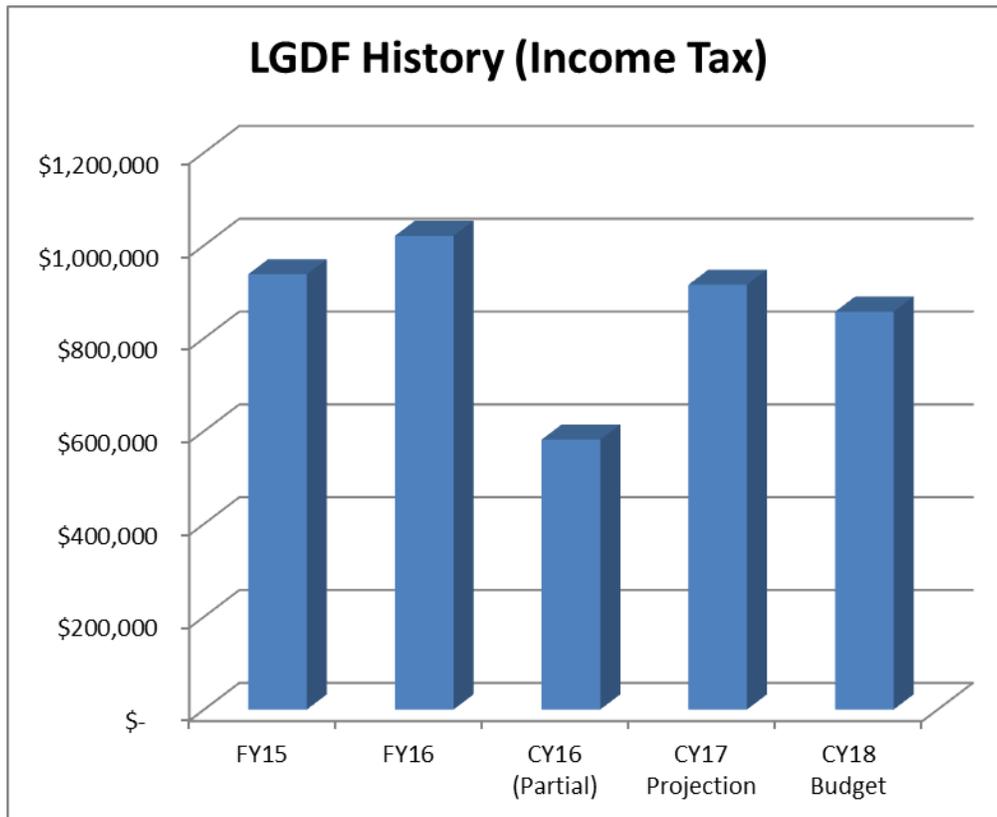
**Residential Taxpayer
Tax Levy Impact**

	2016	2017
	Rate 1.053060	Proposed Rate 1.044699
\$100,000 Market Value	\$ 351.02	\$ 348.23
\$150,000 Market Value	\$ 526.53	\$ 522.35
\$200,000 Market Value	\$ 702.04	\$ 696.47

Local Government Distributive Fund

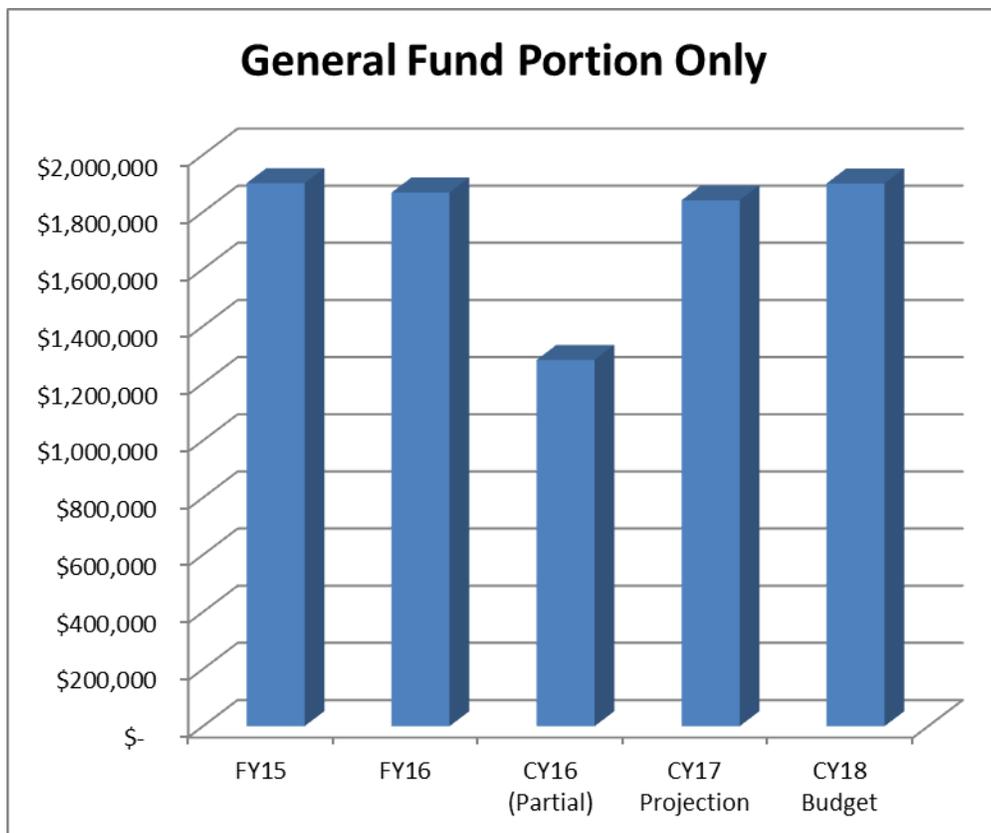
The national economy continues to show annual signs of improvement that Staff believes will eventually lead to increased revenues. The Local Government Distributive Fund (LGDF) is one of the major revenue sources the City relies on for General Fund expenditures and is typically a good indicator of the State and national economy. Unfortunately, due to the continued State budget issues and a weaker economy in our State, Staff is projecting (based on Illinois Municipal League data) a decrease in income tax collections in the next fiscal year of almost \$58,000.

Going forward it is extremely important to remind our State legislators how important LGDF funds are to our local community and toward meeting their numerous unfunded mandates. The funds are not State aid, but dollars collected by the State on behalf of cities.



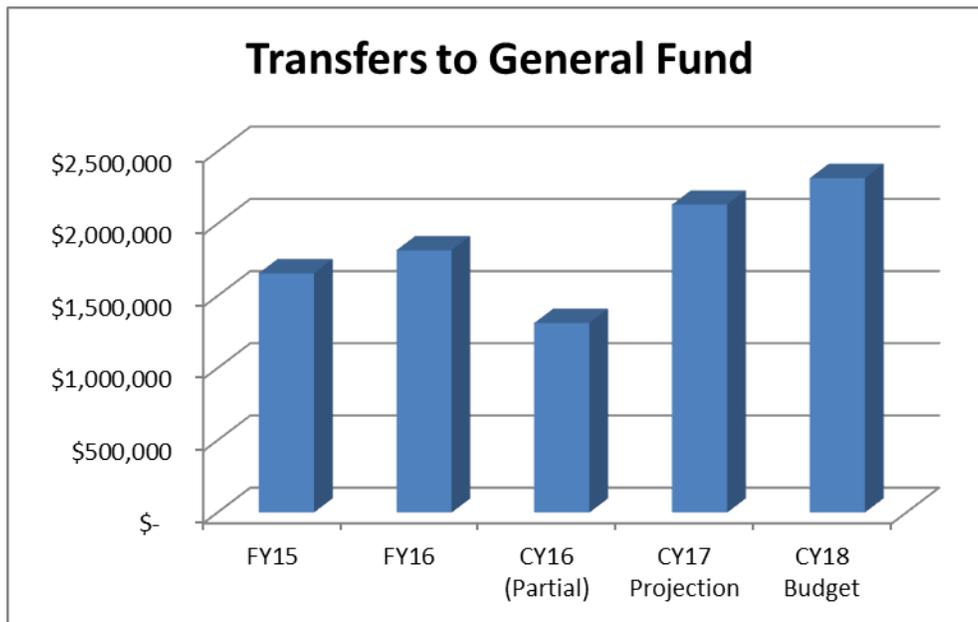
State Collected Sales Tax

Sales tax receipts continue to remain relatively flat year over year. In fact, our sales tax projections, which are the best indicator of actual sales, are projected to be the same as the actual amount collected in the previous year. Between CY 17 and CY 18, sales tax collections are projected to increase by approximately \$60,000 in total. This increase does not cover inflationary pressures, which typically push sales tax collections up 2%-3% year over year. Another major issue for growth continues to be the State of Illinois business climate and lack of a long-term sustainable budget. This could lead to State lawmakers once again considering the option of diverting a portion of the shared income tax and sales tax revenues to ease the State's budget constraints.



Transfers in From Other Funds

Like many other communities across the country, the City transfers in revenue from other funds as payments in lieu of taxes. Payments in lieu of taxes are tax payments that would be made to the City if the utilities were privately owned such as sales taxes and property taxes. These payments are predominant within communities that have their own utility enterprise funds. These transfers account for approximately 22% of overall corporate fund revenues.



Fund Summary Comparison

	CY 2017 Budget	CY 2018 Budget	% Change
<u>General Fund</u>			
Revenues	\$10,449,830	\$9,537,136	-9%
Expenditures	\$10,437,814	\$9,467,565	-9%
<u>Special Revenue Funds</u>			
Revenues	\$6,467,018	\$5,300,749	-18%
Expenditures	\$2,566,624	\$7,440,216	190%
<u>Water Fund</u>			
Operating Revenues	\$2,566,624	\$2,566,624	0%
Operating Expenditures	\$1,316,758	\$1,464,448	11%
<u>Water Reclamation Fund</u>			
Operating Revenues	\$2,965,788	\$3,502,234	18%
Operating Expenditures	\$2,023,497	\$2,456,173	21%
<u>Solid Waste</u>			
Revenues	\$1,270,257	\$459,693	-64%
Expenditures	\$1,133,376	\$371,373	-67%
<u>Electric Fund</u>			
Operating Revenues	\$41,074,583	\$40,001,373	-3%
Operating Expenditures	\$32,762,499	\$32,084,855	-2%
<u>Airport</u>			
Revenues	\$1,719,786	\$1,800,421	5%
Expenditures	\$1,761,651	\$1,853,198	5%
<u>Railroad</u>			
Operating Revenues	\$8,048,383	\$7,919,583	-2%
Operating Expenditures	\$8,038,804	\$8,614,538	7%
<u>Golf Course</u>			
Operating Revenues	\$377,500	\$372,000	-1%
Operating Expenditures	\$375,017	\$371,992	-1%
<u>Technology Center</u>			
Operating Revenues	\$1,178,064	\$1,418,200	20%
Operating Expenditures	\$1,135,023	\$1,236,375	9%

Outstanding Debt	As of 1/1/18	Principal Payments	As of 12/31/18
Electric	\$14,510,000	\$615,000	\$13,895,000
Technology Center	\$3,255,000	\$240,000	\$3,015,000
Water Reclamation	\$328,518	\$31,044	\$297,474
Airport	\$520,000	\$35,000	\$485,000
Lighthouse Point TIF	\$2,435,000	\$135,000	\$2,300,000
General Fund (Quiet Zone)	\$1,660,000	\$170,000	\$1,490,000
Water	\$2,968,219	\$133,633	\$2,834,586
TOTAL	\$25,676,737	\$1,359,677	\$24,317,060

Full Time Employees

General Fund 61 Full-Time Employees
Internal Service 7 Full-Time Employees
Enterprise Funds 49 Full-Time Employees

Total 117 Full-Time Employees

Non-union labor costs have been budgeted for 2.17% increase effective 1/1/18.

IBEW, Fire and Police Union labor costs have been budgeted for a 3 1/4 % increase plus step increases as listed in the union contracts effective 5/1/2018.

Community Growth Events & Projects

	Downtown Christmas Walk	\$1,000
▪	Lincoln Highway Heritage Festival	\$8,000
▪	Railroad Days & Railfan Appreciation	\$3,000
▪	Irish Hooley	\$3,000
▪	Cinco De Mayo	\$4,000
▪	Annual Fireworks	\$12,000
▪	Ale on Lincoln	\$3,000
▪	Wine on Lincoln	\$4,000
▪	Hay Day	\$4,000
▪	Municipal Band Performances	\$13,000
▪	Pledge for Senior Center	\$25,000
▪	Flagg Rochelle Museum	\$8,000
▪	Rochelle Chamber of Commerce	\$8,500
▪	Miscellaneous Events	\$12,000
▪	Downtown Revitalization	\$140,000
	TOTAL	\$248,500

General Fund Building Improvements

Municipal Building

Mayor Computer	\$2,000
City Clerk Computer	\$1,000
Police Department Flooring	\$14,000
Modify Reception Desk	\$1,000
Courtyard Sign	\$5,000
Push Lawn Mower	\$350
City Manager Equipment	<u>\$500</u>
TOTAL	\$23,850

Police

Earpieces for Radios	\$1,908
Laptops (4)	\$6,000
Patrol Rifle (1)	<u>\$1,500</u>
TOTAL	\$9,408

Fire

One half of a Repeater System	\$8,000
Asbestos Removal	\$8,000
Maintenance of Parking Lot	<u>\$5,000</u>
TOTAL	\$21,000

Street

Trench Box (1)	\$8,500
Equipment Trailers (2)	\$11,000
Anti-Ice System	\$16,000
Generator	\$4,500
Loader Attachments (2)	\$10,000
Purchase and Install Parkway Trees	\$10,000
Maintenance of Parking Lots (8)	\$15,000
New Pick-Up Truck (1)	<u>\$30,000</u>
TOTAL	\$105,000

Community Development

Street Scape	\$5,000
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Engineering

Plotter	\$22,000
Building Improvements	\$1,500
Furniture	<u>\$1,000</u>
TOTAL	\$24,500

Economic Development

Equipment	\$1,500
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TOTAL CAPITAL OUTLAY **\$190,258**

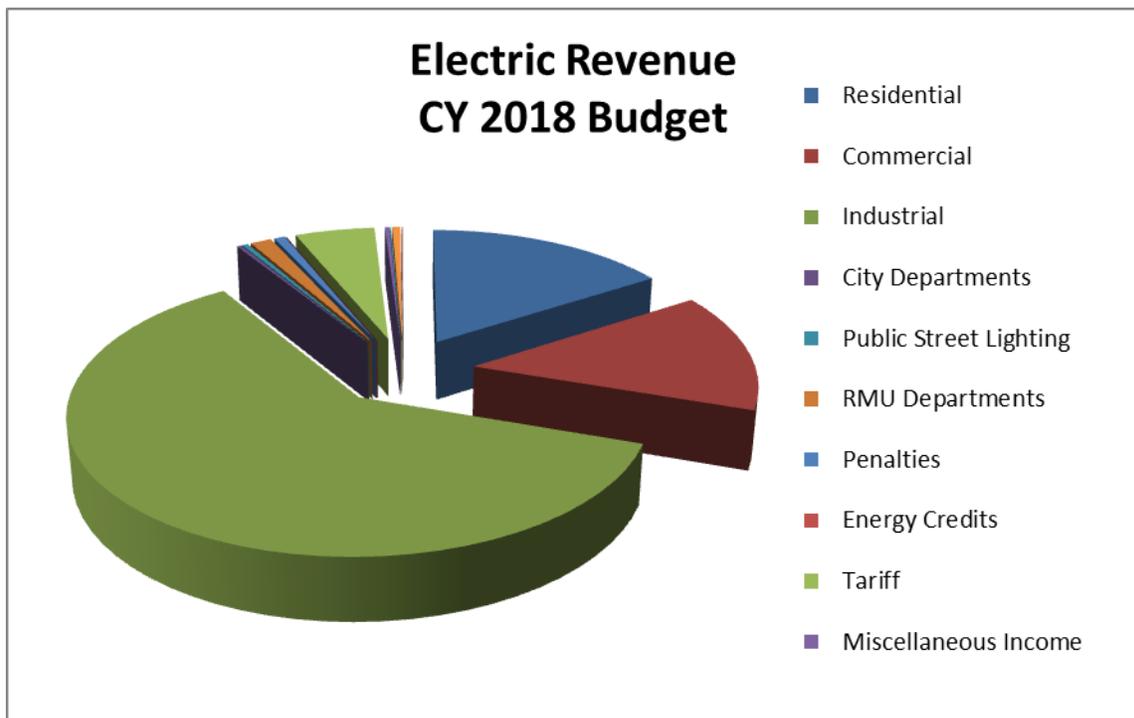
Municipal Capital Improvements

2015 Bond Principal Payment QZ (Railroad Fund)	\$ 223,938
MFT EDP South Main Improvements Phase I	\$3,600,000
JDR Overpass Engineering	\$ 1,000
Golf Course parking lot resurfacing	\$66,000
7 th Ave Bridge over Kyte River & Related Approach Street Improvements	\$1,180,000
Dement Rd Overpass Approach/Pavement Rehab & Drainage	\$115,000
MFT Miscellaneous Street Treatments	\$125,000
Sidewalks – 10 th Ave/2 nd Street – May School	\$252,000
Traffic signalization & other intersection improvements Rt. 251/Steward Rd.	\$125,000
Sidewalks/Pedestrian paths – Annual Program	\$112,000
General Maintenance – Pavements & Storm Sewer	\$ 20,000
Other Street/Alley Improvements/Curb & Gutter Replacement	\$ 57,000
TOTAL CAPITAL OUTLAY	\$5,876,938

Enterprise Funds

The City of Rochelle Enterprise Funds, also commonly known as proprietary funds, consists of the Electric, Water, Water Reclamation, Technology Center, Airport, Solid Waste, and Railroad. Within these funds, each fiscal period has shown consistent revenue increases.

The single largest Utility fund and overall City Fund is the Electric Fund. This fund covers all the costs associated with the purchase, transmission, and distribution to all properties within the RMU service territory. The overall budget for the Electric Department budget for CY 18 is approximately \$40,262,000. This constitutes a decrease of 2.7% over the previous calendar year. These savings are being realized through a reduction in purchased power expense and capital outlays. Approximately 57% of the Electric Department budget is the cost to purchase power. Overall, the department continues to see increases in sales and a healthy reserve fund balance.



Electric Capital Outlay Projects

Generation

Parts for Fairbanks	\$40,000
LSV-16-GDT Top End Overhaul/New MCC for Copper Engine	\$400,000
Units 6/7 blowers	\$50,000
Silencers Cats 13-15	\$120,000

Transmission

Easements & land purchase for substation & 5 miles of transmission lines \$1,000,000

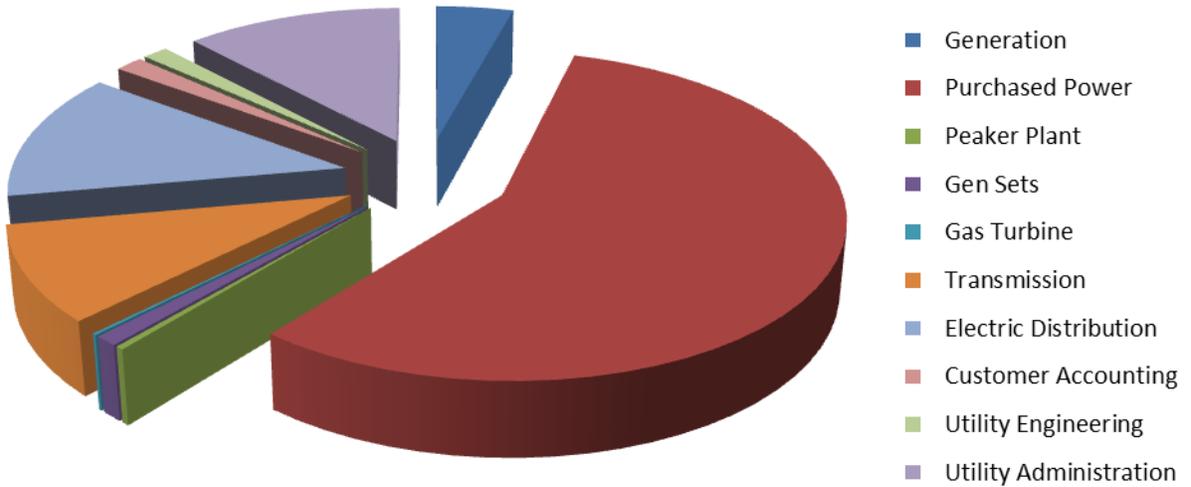
Distribution

Personnel Salaries	\$433,800
Electric Meter Blanket	\$15,000
Transformer Blanket	\$40,000
Street Lighting Blanket	\$62,500
Security Lighting Blanket	\$10,000
Overhead Distribution Blanket	\$125,000
Underground Distribution Blanket	\$125,000
Computer Equipment & Storage Server	\$2,500
Convert 5kV Systems to 15kV Systems	\$600,000
Substations	\$150,000
Engineering 5kV System – Phase II	\$145,000
Replace Bucket Truck	\$232,000
Coordination of System	\$168,000

Utility Engineering

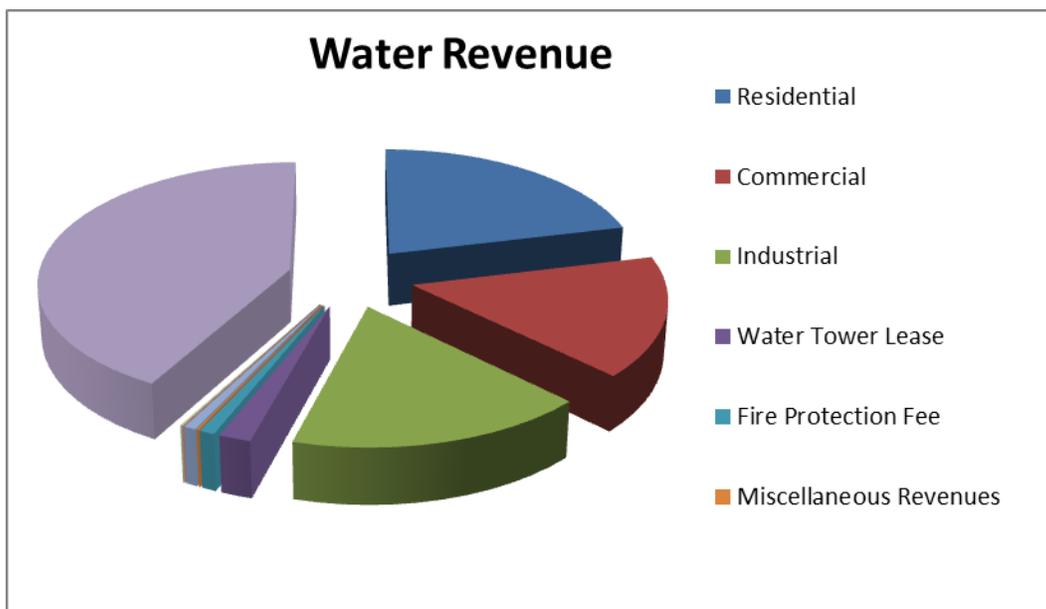
Computer Hardware/Software/Outage Systems/SCADA	\$371,967
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Electric Expenditures CY 2018 Budget



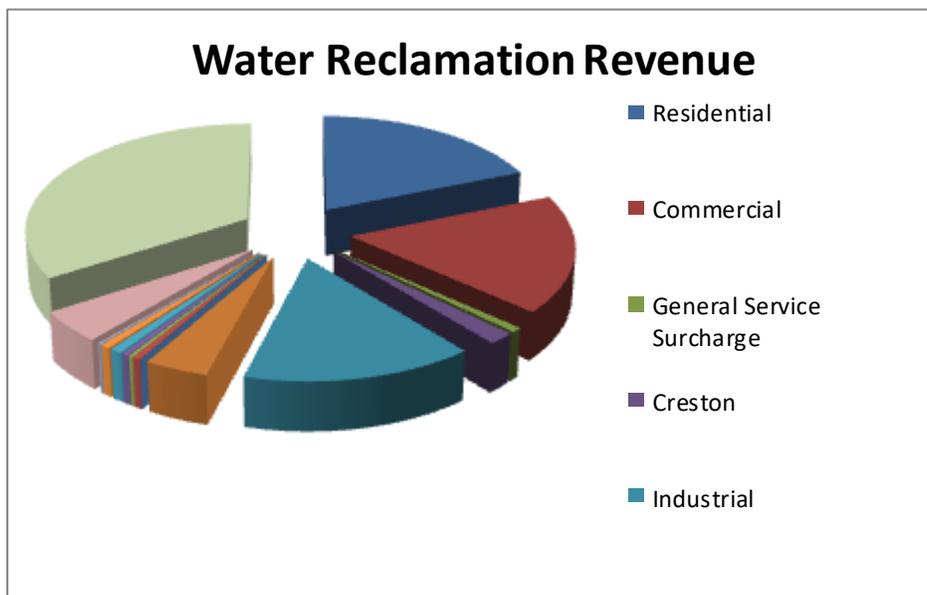
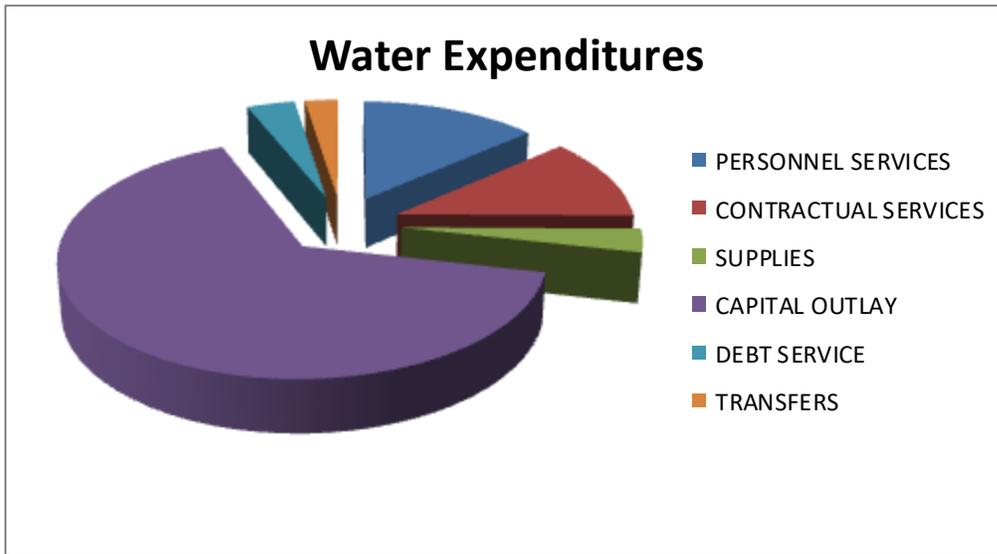
The combined Water and Water Reclamation Funds revenues are up over the previous calendar year. Most of the increased revenue is due to the Water Reclamation mid-year 2017 rate adjustments and an increased industrial surcharge.

During the coming calendar year there are several capital projects included in the budget for both departments. All projects will be funded with established revenues with the exception of the Well #11 Radium Plant, Sunnymead sewer lining, and upgrades to the treatment plant. Those projects will be funded by grants or IEPA loans. The loan payment was already factored into the Water Reclamation current rate structure.



Water Capital Outlay Projects

Distribution Meters – blanket	\$70,000
Hydrants – blanket	\$20,000
Services – blanket	\$25,000
Valves – blanket	\$25,000
Well 10 Rehab Design and construction	\$1,000,000
20 th Street water main Extension	\$195,000
Water main Repair Rt. 251 and I-88	\$25,000
Meter Reader Truck Transfer	\$9,000
Lab Equipment	\$4,000
❖ Well 11 Radium Plant Construct (2/3 of total cost)	\$1,855,814
❖ Well 11 Construction, Engineering, & Observation (Grants/IEPA Loan)	\$130,000



Water Reclamation Capital Outlay Projects

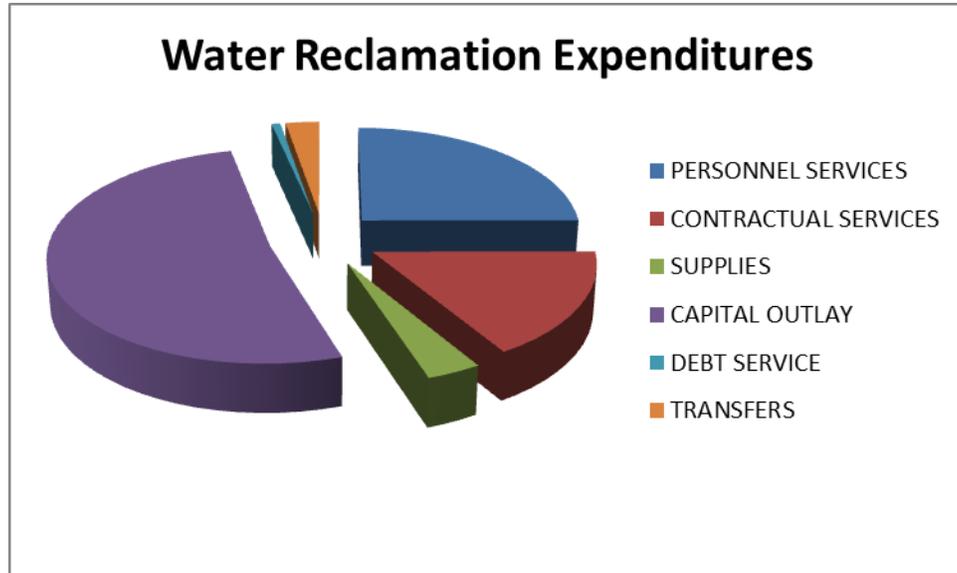
WRP Share Water Meter Cost	\$30,000
Manhole Replacement/Point Repair Blanket	\$60,000
Sludge Disposal Truck & Dumpsters	\$85,000
Sewer Relocate 7 th Avenue	\$85,000
Sunnymeade Sewer Lining	\$100,000
HVAC Replacement WWTP	\$35,000
Lab Equipment	\$4,000
Lift Station south I-88	\$86,000

Meter Reader Truck Transfer

\$9,000

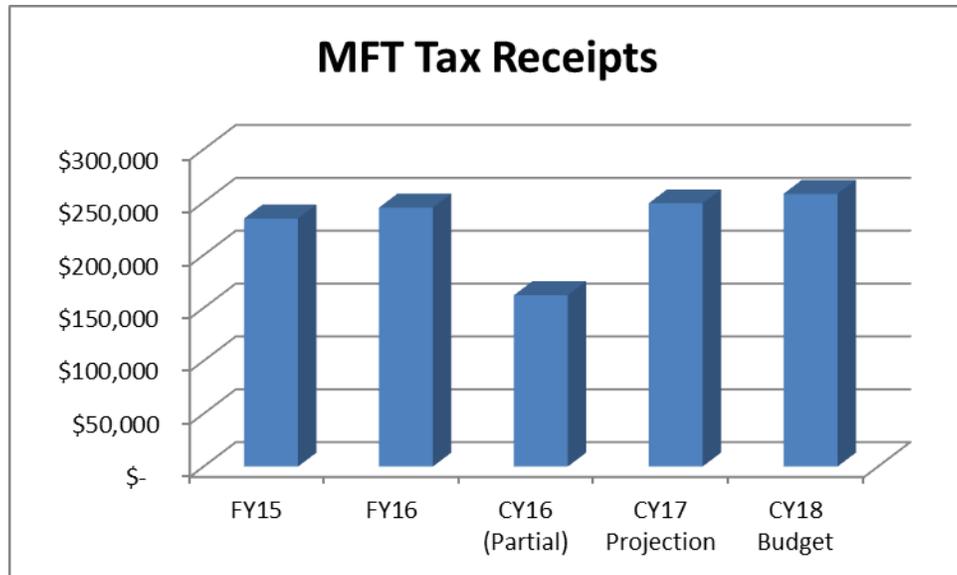
- ❖ *Sunnymeade Sewer Lining Grant Funded Portion* \$284,652
- ❖ *WWTP Design and Contingency* \$877,675
- ❖ *WWTP Upgrades Construction (1/3 of total cost)* \$1,169,063

(Grants/IEPA Loan)

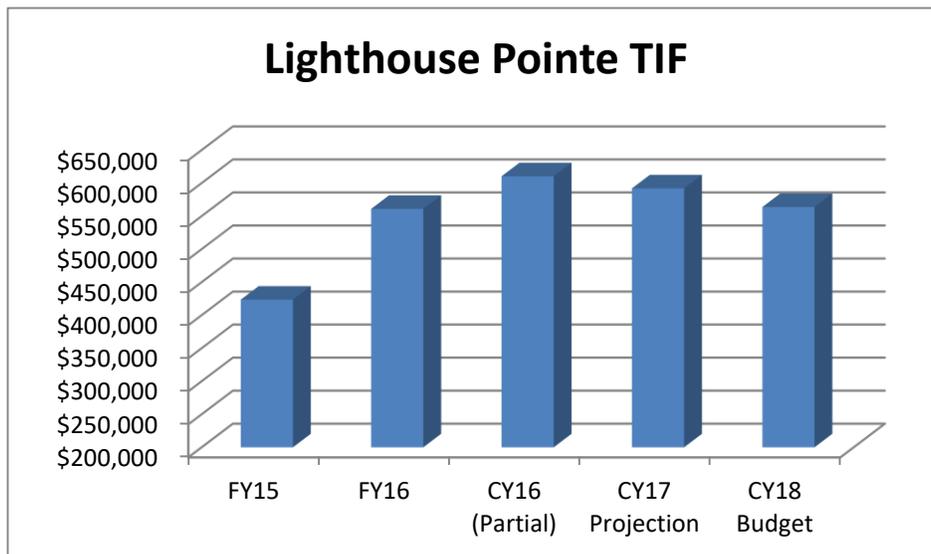


Other Minor Funds

Motor Fuel Tax funds are used for infrastructure and transportation related projects. The Motor Fuel Tax is levied and collected by the State and redistributed back to localities based on a per capita basis. For CY 18 Staff is estimating collections of approximately \$258,000 (based on Illinois Municipal League data). These funds will be used to fund a portion of the South Main Street improvements and also various sealcoat projects.



The City of Rochelle has two TIF funds. The Lighthouse Pointe TIF was established in 2010 for public improvements near the Walmart and retail outlots on Route 38. The funds generated by this TIF can only be utilized in the TIF area, but can be used for any development or redevelopment purposes. The single largest expense in this TIF is the reimbursement to both school districts. The total amount the City reimburses the schools is approximately \$140,000 and is dependent upon the increment generated annually. Established in 2016, the Downtown and Southern Gateway TIF received its first increment in 2017. The City received \$31,000 and expects to receive \$71,000 in CY 18. The majority of this TIF is located in the Downtown and South on Route 251.



Staff Levels and Costs

In an effort to find more cost reductions and look for greater efficiencies, the City Council recently authorized an early separation package for any employee who is 60 years of age or older and with a minimum of 15 years of service to the City. The incentive consists of two years of paid health insurance for the employee (and any dependents that were included at the time the program was approved). Any position left open due to a separation will not be filled for at least two years or will be permanently removed from the employee roster. There are 8 employees who fit into this classification and who could choose to participate in the program.

Since there is no real way of predicting which employees, if any, will participate in the program, any possible savings were not included in the budget. The Finance Department has determined that if all employees in the classification participate in the program the three-year savings to the General and Utility Funds will be in excess of \$1.3 million.

Another looming cost, but extremely important benefit to offer, is the City’s health care plan. The organization continues to provide a competitive benefit package to our employees. As a result, in 2017 the City opted to move forward with joining the QCHIP (Quad Cities Health Insurance Pool, which is a subgroup of the IPBC (Intergovernmental Cooperative Benefits Cooperative). This group has over 37,000 employees and dependents from across Central

and Northern Illinois. This cooperative allows the City to pool its buying power with other municipal organizations in an effort to stabilize rates long-term. The five-year rate increases for the QCHIP members has averaged less than 5%, compared to the City's 7% proposed rate increase last year.

The cost of the City's health care program within QCHIP represents a 1.4% increase over the previous calendar year budgeted amounts. Beginning January 1, 2018, both union and non-union employees will contribute more for family health care premiums, thus showing an even larger savings to the City.

Recent Positive Steps

To balance the challenges addressed above, the City of Rochelle has taken positive steps that will benefit the City.

- Review of utility rates periodically. Included in the CY 18 Budget is funding for a cost-of-service study to determine if the Electric rates being charged are adequate. This past year the City purchased power at a favorable price. The City Council would like to have the opportunity to pass on some of those savings to the Electric rate payers.
- The City will continue to work positively with the landfill operator to stabilize the revenue reductions due to decreased usage at the landfill. The City also continues to have open dialogue with the operator about the future road improvements to the facility along with the exhumation of Cell 1.
- In an effort to continue promoting the Airport for corporate and recreational usage, the City budgeted funds in the coming CY for taxiway and runway improvements.
- The Budget includes funds for the implementation a new TIF district that will encompass the May Mart area along with the Hickory Grove facility and Aldi. Also included in the budget are funds to determine the viability of a Downtown Historic District.
- The City continues working with a developer on a proposed facility south of I-88. Staff is in ongoing discussions with several other developers targeting lots in the same area.
- Staff continues conservation measures, where possible, to minimize the impact of rising energy costs. This past year the Fire Department changed out all their basement lights to LED lights. Staff will continue to look at ways to reduce energy consumption at City Hall.
- We implement strict code enforcement with aggressive clean-up targets and the persistent and diligent attention to the appearance of all areas of the community.

- The City is considering several proposals to either sell or enter into a partnership to maintain the electric utility's transmission assets. Rochelle is one of the few municipal utilities that owns and maintains a transmission system. The City Council is working to determine if this is the business the City should be in or if it should focus on being a distribution utility only. Any funds generated from the sale of the assets or by entering into a partnership will be reinvested back into the electric distribution system.
- The City continues to budget for Water and Water Reclamation's deteriorating infrastructure.
- The Electric Department has budgeted funds for future growth in anticipation of new or expanding industrial customers.
- Funds for the downtown revitalization plan have been budgeted in Community Development and also the Electric Fund.
- Staff will be recommending a small increase to the City's Utility Tax to cover increasing capital improvement costs. The new tax goes into effect May 2018 and will be good for five years.
- The Economic Development department is working on multiple prospects that are considering Rochelle due to access to transportation outlets and City owned Rail system. The City is also renewing its efforts to open more channels of communication with our existing business.
- Staff recently implemented a new consolidated monthly report that contains information from every department. This report is being sent to the Mayor, City Council, all City employees and is being posted on the website and Facebook. Leadership hopes this report provides more transparent information to our Elected Officials, employees and residents.
- Staff will continue working with the Mayor and City Council to find new grant opportunities for expanding programs for our residents.

Conclusion

Rochelle has numerous priorities for the coming calendar year. This budget is balanced and adequately funds the needs of the City and sets the appropriate spending policies of the Elected Officials. Yet, future year budgets may present the community with challenges. In the coming years, I hope to move forward with a policy/program based budget that allows the City Council to better prioritize spending based on policies and programs deemed most important. Along with a priority based budget plan, I hope to implement performance measures that will help the City track where it is succeeding and areas that may need improvements.

The Leadership Team will continue to monitor the economy and State budget issues carefully as both could have a direct impact on the City's ability to provide quality services. Other changes that are coming include better asset management techniques to assist the City with its efforts to continue to reduce its vehicle footprint. A continuing assessment of our current utility rate structures is strongly recommended. However, based on the previous year increases, Staff will not be recommending any additional utility rate increases in the coming calendar year. Another major concern going forward continues to be properly funding Police and Fire pension obligations, while continuing to provide other vital services our residents have come to expect. The City Council should consider a referendum in the next year to increase the non-home rule sales tax a quarter of a cent to help fund future pension obligations and other public safety needs. **Finally, every department has played an important and valuable role in the development of this budget blueprint. Staff members have been very helpful and forthright in providing information and suggestions. The City of Rochelle should be proud of its dedicated employees who understand today's economic environment.**