

2009-2010 Fiscal Year



Preliminary Budget Presentation
3 February 2009

Budget Assumptions

- it must be (and is) a balanced budget
- in prior years we were able to list expenditures as worst case scenario but this year we are only able to
 - estimate expenditures as anticipated
 - estimate revenues mirroring final numbers of past fiscal year (zero percent increase)
- revenues first to determine amount available for expenditures
- no new revenue for the General Fund



Revenues

- during 3rd Quarter of 2008 we saw a decrease in general merchandise sales, apparel sales, furniture-household-radio sales, and automotive sales and fueling stations
- state revenues began to decrease towards end of summer and updated projections show loss from a year ago



Revenues

- total revenues will be flat for this fiscal year
 - city and state sales tax flat
 - while up now over 2%, expectations are below-projected returns for November, December
 - income tax up slightly
 - corporate replacement tax down
 - food and beverage tax down
 - liquor tax up slightly
 - gasoline tax down



Revenues

- adding to our concern is current unemployment numbers both local and national, fragile instability of the housing market, and the “domino” effect of national and international business decisions
 - Goody’s, Steve and Berry’s, Starbucks, etc
 - projected 90,000 more retailers closing nationally in 2009



Expenditures

- if revenues are flat, expenditures MUST be flat in order to have a balanced budget
- expenditures rise 5.5% to 7% annually due to costs of salaries, benefits, commodities, materials, utilities
- with NO new revenue sources, cuts in expenditures, including personnel, must be made to balance budget



Expenditures

- due to cuts in personnel, reorganization is needed to make sure that basic services are still provided and to assure completion of goals and objectives
- cuts in personnel based SOLELY on an evaluation of the position, not the person holding the position



Expenditures

- cuts in personnel means those remaining will be required to work more to ensure the citizens needs are being met
- expectations towards completing our goals and objectives for this city are NOT lowered, but rather how do we complete them with less people



Expenditures

- even though the goals and objectives remain the same, the public **MUST** understand it will take longer to accomplish, it will require changing the way **WE** do things, and it will require changing the way the **PUBLIC** does things
 - we need patience, understanding, and assistance



Involvement

- all City Employees were asked last fall to submit suggestions for cost efficient ways to improve our delivery of services
 - 89 suggestions received
 - cost savings
 - ways to increase productivity
 - suggestions for reorganization
 - all were analyzed, many implemented, some still considered, some determined not in best interest



Involvement

- department heads and division heads were involved in process throughout with multiple meetings and discussions
- unions were involved in presenting and providing information as well as informal discussions
- the public was also encouraged to submit cost savings measure suggestions



Organizational Chart Notes

- a box indicates a FUNCTION or PROGRAM, NOT A PERSON
 - the names of employees are placed in box if they currently fill that position
 - some boxes performed by group of laborers
 - some boxes with no name indicates a vacancy
- boxes **colored in peach** indicate enterprise funding and not general funding even though organizationally they fall within a department partially covered by the General Fund



One Last Note...

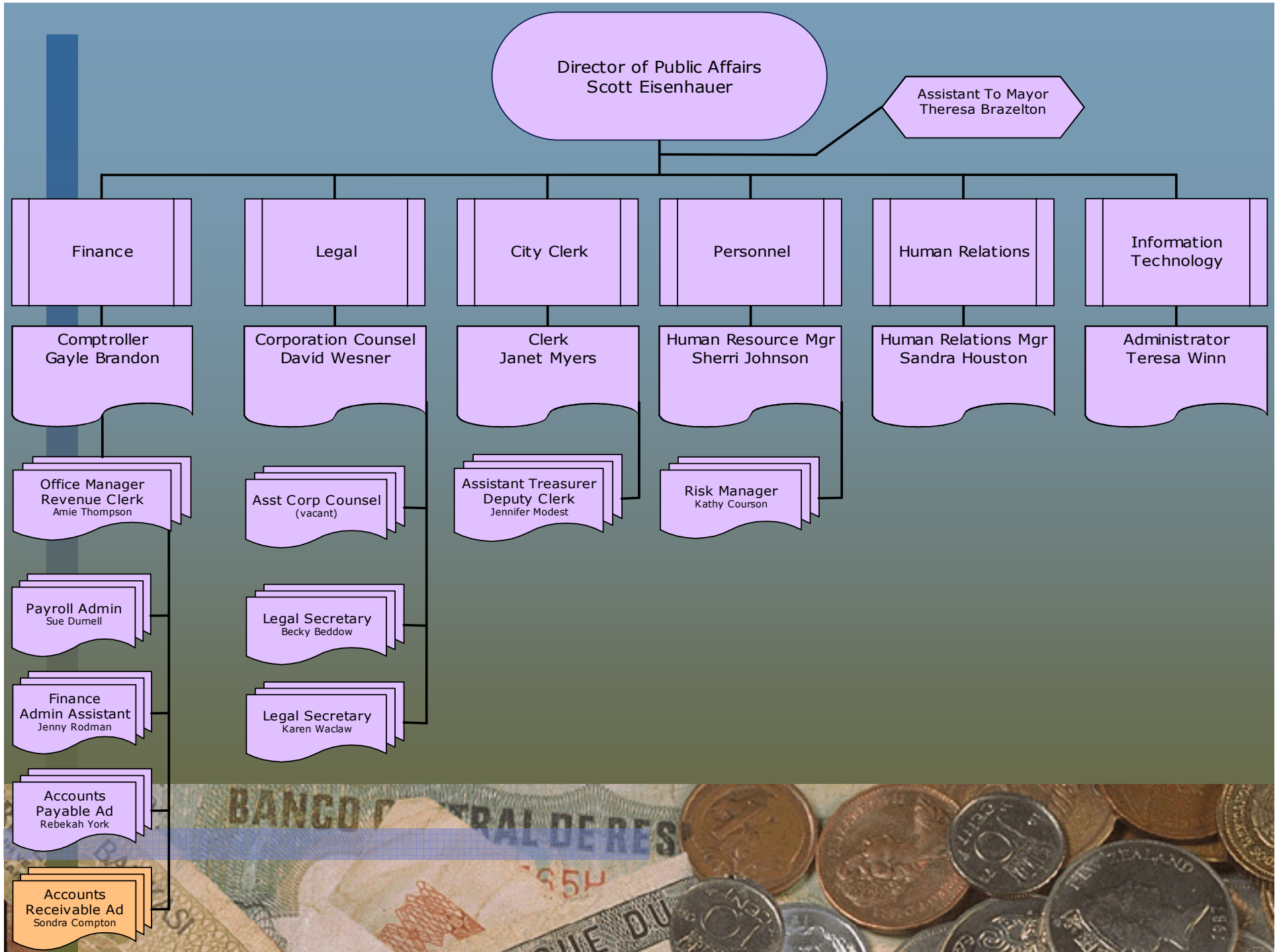
Over the last few days, a misconception has surfaced that no union jobs would be affected. This reflects a statement made during the Property Tax Levy process noting that cuts in preliminary budgeting, in preparation for the tax levy vote, did not affect union employees. **HOWEVER**, it was noted then, and several times since then, that when we got to the **BUDGET** process, all jobs—union or non-union, management or laborer—could be affected.



Public Affairs



Department



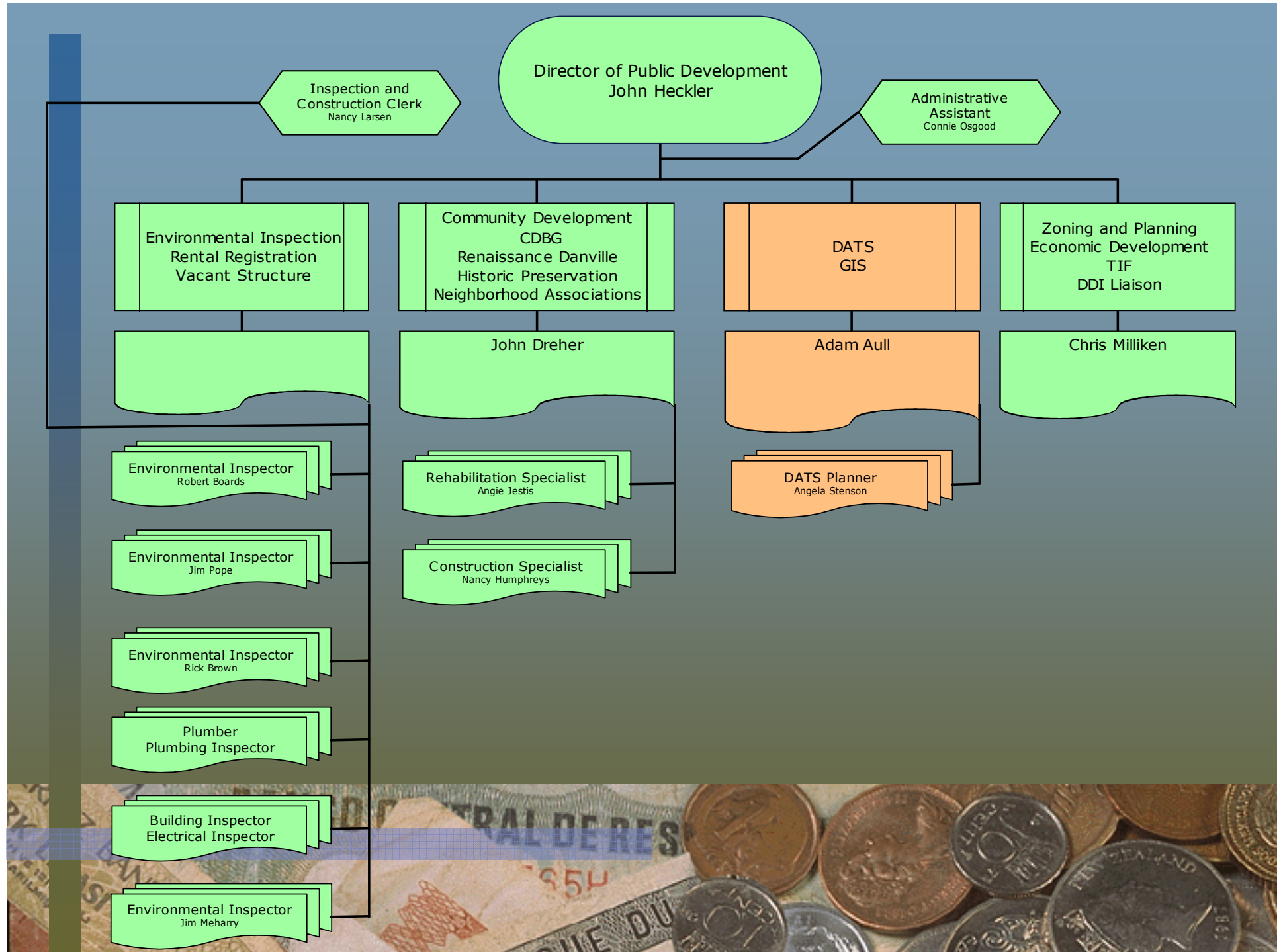
Affected Personnel

- elimination of Public Affairs Assistant
 - \$ 27,583
- remove funding from General Fund for Accounts Receivable Administrator (half of salary)
 - \$ 13,196
- approximate savings \$ 40,779



Public Development Department





Affected Personnel

- elimination of Zoning and Code Enforcement Manager
 - \$ 47,434
- elimination of Neighborhood Services Specialist
 - \$ 28,016
- consolidation of Plumbing Inspector and Plumber
- consolidation of Building Inspector and Electrical Inspector
 - \$36,394
- approximate savings \$ 111,844



Other Changes

- strong emphasis on community development with a dedicated division to oversee CDBG, renaissance initiatives, neighborhood associations, and neighborhood comprehensive planning
 - provides a holistic approach in utilizing ALL programs available to address the needs of the community



Other Changes

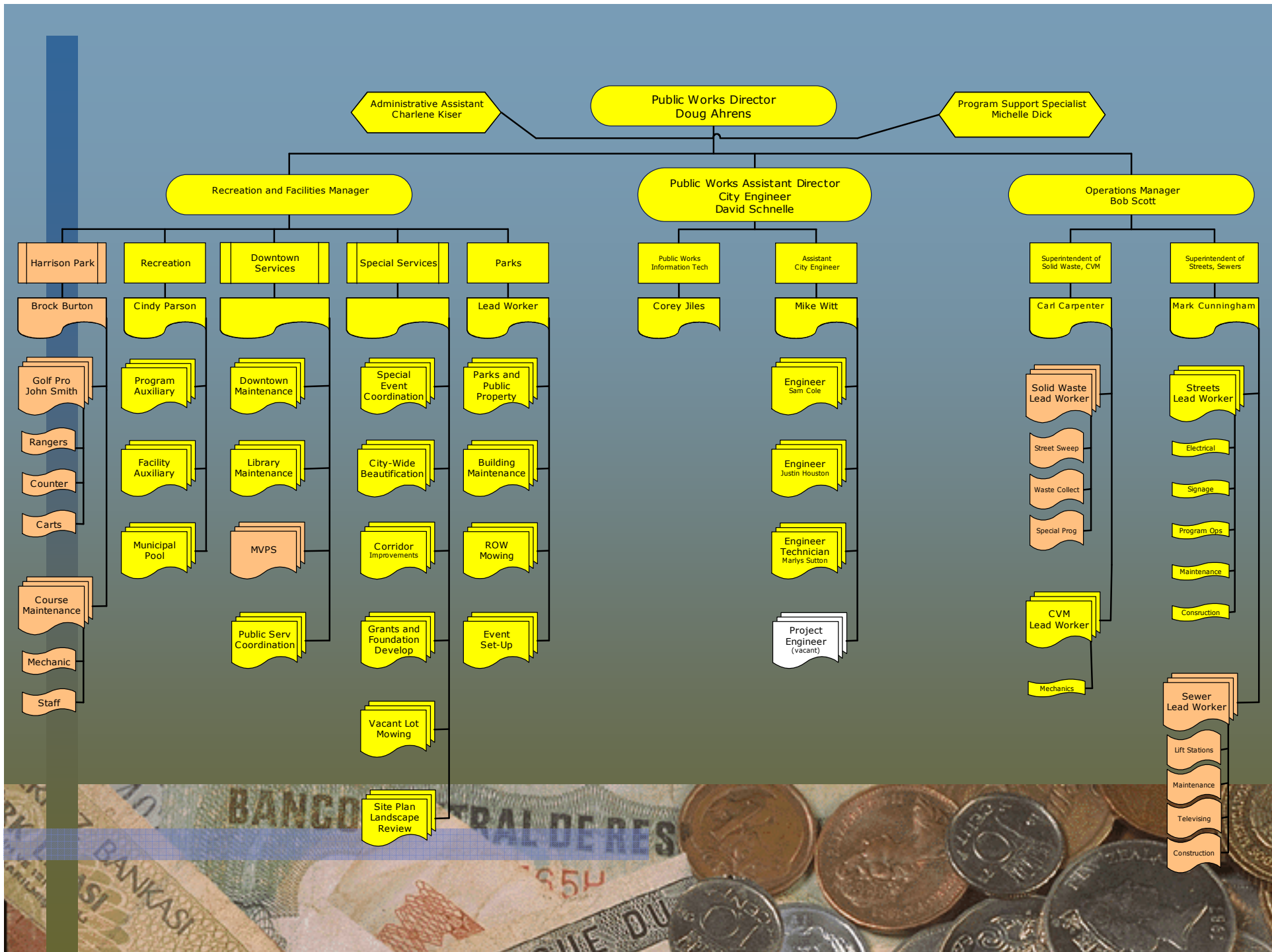
- DATS Planner will also be working with Public Works Department throughout the county to develop NPDES program (as required by federal law)
- Planning Manager will be working directly with Vermilion Advantage and Downtown Danville, Inc to facilitate economic development and growth



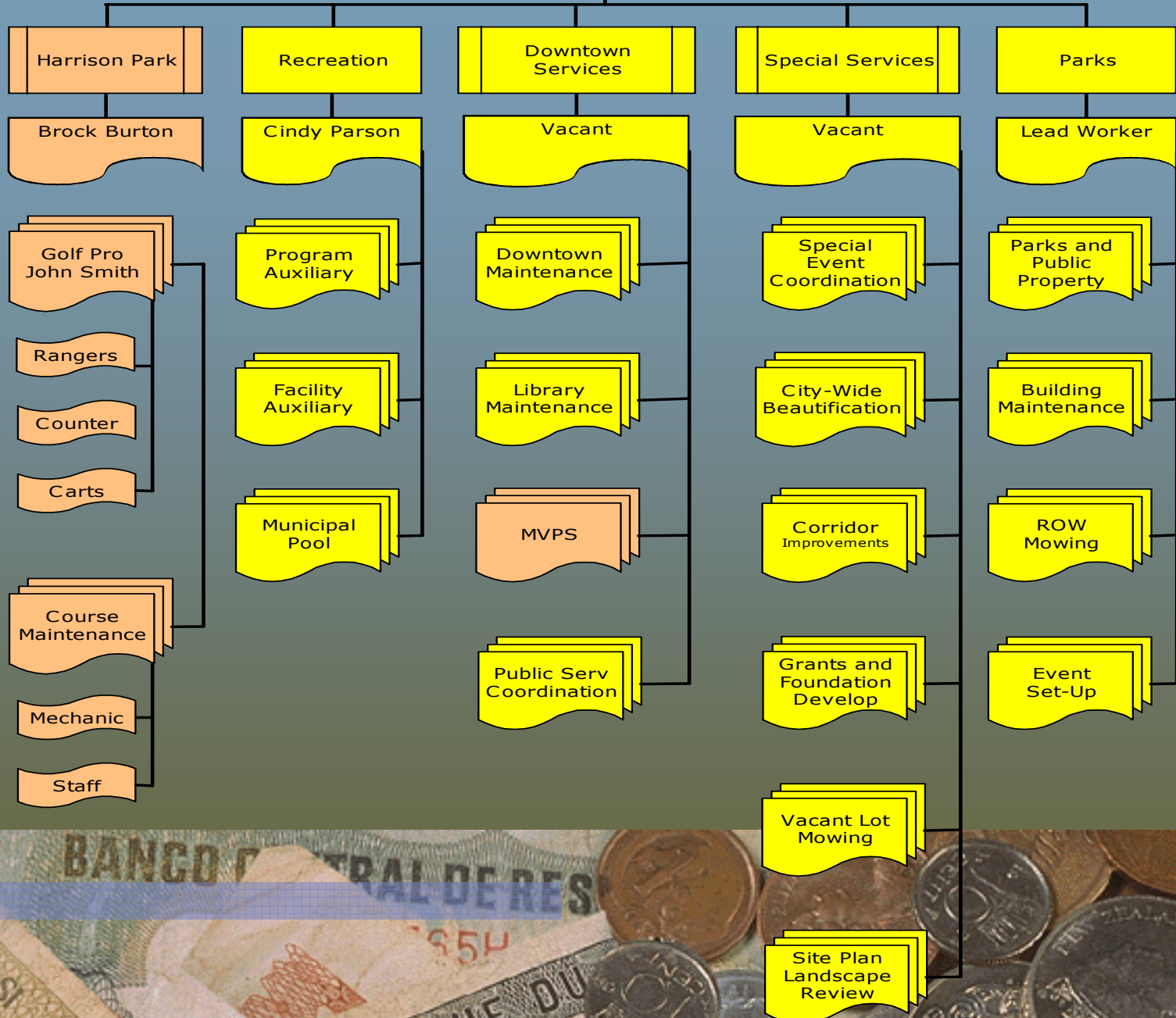
Public Works



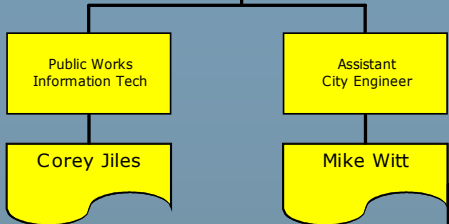
Department



Recreation and Facilities Manager



Public Works Assistant Director
City Engineer
David Schnelle



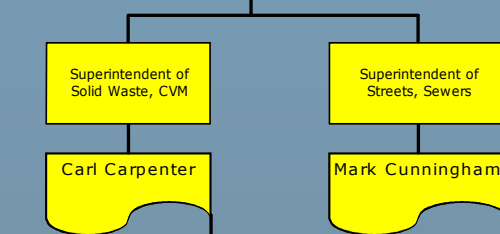
Engineer
Sam Cole

Engineer
Justin Houston

Engineer Technician
Marlys Sutton

Project Engineer
(vacant)

Operations Manager
Bob Scott



Solid Waste Lead Worker

Street Sweep

Waste Collect

Special Prog

CVM Lead Worker

Mechanics

Streets Lead Worker

Electrical

Signage

Program Ops

Maintenance

Construction

Sewer Lead Worker

Lift Stations

Maintenance

Televising

Construction



Affected Personnel

- consolidation of Community Improvements Coordinator and Supt of Motor Vehicle Parking
 - \$ 30,252
- elimination of five Auxiliary Workers
 - \$ 60,000
- elimination of Plumber
 - \$ 45,178
- elimination of Supt Parks and Public Property
 - \$ 54,860
- transfer funding for Project Engineer
 - (\$ 45,000)



Affected Personnel

- create Special Services Superintendent
- create Downtown Services Superintendent
- create Recreation and Facilities Manager (will be one of four superintendents within division and have additional duties)
- consolidation of divisions and personnel
- approximate savings \$ 145,290



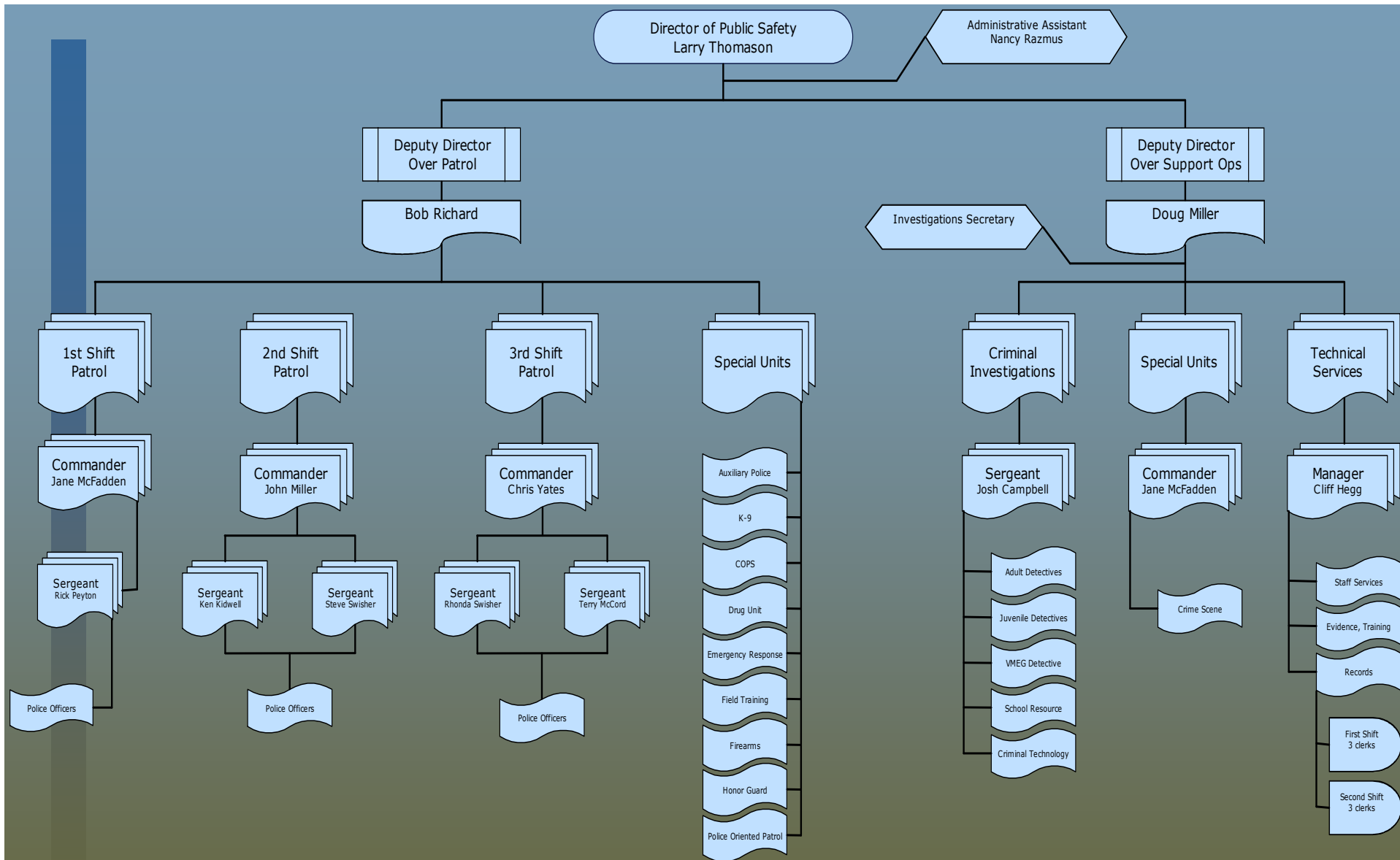
Other Changes

- MVPS will still be an enterprise fund using rental revenue for maintenance of facilities but will require no transfer from the General Fund (\$20,000)
- foundations, grants, sponsorships will be a focus for the future of our parks and park activities



Police Department





Affected Personnel

- elimination of one Police Officer position
 - \$ 58,507
- elimination of Transcriber
 - \$ 28,554
- elimination of Records Clerk Supervisor
 - \$ 32,409
- elimination of Third Shift Records Clerks (2)
 - \$ 51,635
- approximate savings \$ 171,105



Fire Department



Director of Public Safety
Larry Thomason

1st Battalion

Assistant Chief
Daily Payroll
HazMat Coordinator

Tom Pruitt

Shift Captain
SCBA

Lieutenants
(3)

Firefighters
(14)

2nd Battalion

Assistant Chief
Daily Payroll
Station/ Vehicle
Maintenance Coordinator
Chair-Truck Committee

Don Hanetho

Shift Captain
Oxygen Bottles

Lieutenants
(3)

Firefighters
(14)

3rd Battalion

Assistant Chief
Daily Payroll
EMS Coordinator
Confined Space Rescue

John High Sr

Shift Captain
SOGs

Lieutenants
(3)

Firefighters
(14)

Administration

Admin Asst

Lisa Robinson

Admin Captain
Training Officer
Safety Risk Mgr
Fire Investigation

Larry Jagers

Admin Captain
Firehouse Admin
Fire Prevention
Juvenile Firesetters
Fire Inspections

Bobby Lillard

Affected Personnel

- reduce full fire department manning from 58 to 51 (only through attrition and including five current vacancies)
 - \$ 305,000
- savings in Overtime with reduction of minimum manning from 13 to 11
 - \$ 100,000
- approximate savings \$ 405,000



how is this possible...



Local 429

- a side agreement has been proposed by and negotiated with the Executive Board of Firefighters Local 429 and will be presented on February 17th for City Council action
 - details of contract at that time



Personnel Cuts

By The



By The Numbers...

- Public Affairs (1.5) \$ 40,779
- Public Development (4) \$ 111,844
- Public Works (7) \$ 145,290
- Police (5) \$ 171,105
- Fire (7) \$ 405,000

Total (25) \$ 874,018

{before benefits, incidentals}



Timeline For Personnel Cuts

- general consensus on cuts in personnel this past Saturday during closed session
- administration informed affected employees Monday and Tuesday
- public presentation Tuesday
- wage chart identifying changes in positions and severance package for affected employees third Tuesday of February
- employees affected last day February 27th



Personnel Cuts Not The Only Budgetary Reduction



Other Changes

- reduction in legal services
- reduction in materials to maintain streets
 - use enterprise funds to provide funding for road repair and replacement
- analysis of utilities including street lighting and park lighting
- continued evaluation of all expenditures



The Challenges Ahead



Challenges Ahead

- national economy
 - there is no doubt that the economy locally is impacted by the economy nationally
 - retail and manufacturing businesses will make tough decisions in 2009 which could impact us
 - unemployment numbers on the rise
 - experts note it could be up to 24 months before the economy turns around



Challenges Ahead

- personnel costs
 - pensions will continue to have a significant impact on us financially
 - IMRF once 100% funded, now 69%
 - Police and Fire Pensions still far underfunded
 - insurance premiums continue to rise (double digits annually) and we must work hard to reduce
 - must hold down worker's compensation claims and work hard to prevent injuries to employees



Challenges Ahead

- rising costs of materials and utilities
 - road salt has doubled in the last year
 - road repair and construction materials have tripled, and in some cases quadrupled, in the last year
 - utility costs are skyrocketing and we need to reduce the usage of electricity, including elimination of some street lights



Challenges Ahead

- continue to establish partnerships
 - strong partnership with County of Vermilion Chairman
 - strong partnership with Vermilion Advantage
 - must find more assistance through partnerships, sponsorships, grants, and foundation gifts



Summary

- no budget process is easy, but this year was extremely tough with the national economy reaching record lows
- decision was made early that raising revenues or implementing a new revenue source was not the way to finance the General Fund, but rather it would take cuts in expenditures to balance the budget



Summary

- we are balancing a budget for next fiscal year using revenue numbers from 2007
- cuts in expenditures meant the elimination or consolidation of various positions throughout the city netting a loss of 25 totaling approximately \$1.2 million in salaries, benefits, and incidentals
- even with all the cuts, our first goal is still **CUSTOMER SERVICE**



Summary

- not advocating an across the board hiring freeze but rather a reorganization
- praise city employees and union groups for their input and proposals
- all must understand change is difficult and we must be patient and understanding
- we are sympathetic to those whose employment is affected by these layoffs



Summary

- NO new revenue sources were created to balance budget
- NO general fund revenues were increased to balance budget
- the budget is balanced



Summary

- GF budgets will be distributed at the end of the meeting
- enterprise fund budgets distributed next month
- minor adjustments will be made to revenue line items as we progress
- discussions will be held at each committee meeting and council meeting between now and the end of March
- budget will be voted on April 7th

