

**FINANCE COMMITTEE MEETING
APRIL 6, 2004 - 7:00 P.M.**

Chairman Hinterlong called the meeting to order at 7:00 p.m. Committee members present: Aldermen Hinterlong, Bellon, Nolan and Hay. Also present were Mayor Henning, Administrator Nelson and Aldermen Dikun and Marzahl, members of the press and audience.

Audience Participation

Chairman Hinterlong opened the floor to audience participation with a time limit of three minutes per speaker. The following individuals addressed the Finance Committee in support of Harvard Main Street requesting that the funding for Main Street be reinstated into the budget for \$10,000: Anna Marie Platt Miller, Joanne and Gene Boppart, Bob Formella, John and Ruth Burke, Maria, Judy Grandmaison and Nancy Heberle. A petition was submitted in support of Harvard Main Street for the City to continue their financial support to the organization with about 50 signatures. Funding suggestions: temporarily do not continue with the Best Civic Project, decrease the amount that the City pays for health insurance, split the money allocated to the EDC between both organizations and reduce the reserve amount in the city's budget.

Proposed Budget Fiscal Year 04/05

The Finance Committee discussed the budget pertaining to funding for Harvard Main Street and reviewed the City Council minutes of February 18, 2004, as they pertained to the Main Street Funding Agreement. Aldermen Dikun and Bellon brought up discussion on whether it was the City Council's intent to eliminate the funding for Harvard Main Street, or just to reduce the funding by 50% and to realign the funding agreement with the city's fiscal cycle. Alderman Hay clarified that he presented the Committee's recommendation to the City Council as he understood it: that Main Street would be paid the \$2,500 for the quarter February 1, 2004 and ending April 30, 2004; to start a new annual cycle on the same schedule with the City's and then in April to ascertain what that funding would be for the upcoming year. Chairman Hinterlong stated that the minutes possibly could be confusing as far as interpretation, but that the important issue is whether or not the City can afford the funding.

Administrator Nelson gave a brief overview of the budget.

- Corporate General Fund Revenue - \$2,722,000.00
- Corporate General Fund Expenses reflects a -2.68% reduction directly reflective of a reduced work force and service levels
- Water/Sewer Fund reflects -1.57% decrease and includes infrastructure improvements for storm sewer work on Metzen St., Grant St. water main, last block of Garfield St. between Route 173 and Blackman St., and \$50,000 towards construction of water and sewer mains to the proposed site as an enticement to the McHenry Co. Fair to relocate to Harvard.
- Dial-a-Ride Fund reflects a 2.99% increase and reflects continuing declining revenues with less share coming from PACE and a decline in rider sales. Expenses continue to increase causing the City to make a higher operational transfer to balance the budget. Dave has asked Public Works to provide actual numbers of how many different people use this service. Mayor Henning noted that one individual expressed interest in starting a taxi service, but insurance was been cost prohibitive. Alderman Dikun suggested that the city subsidize the insurance cost for a couple taxi drivers; the Mayor will check but wasn't sure it would be a possibility because it would be private enterprise.
- Park Fund reflects 0.75% increase. The Park Fund is capped through the property tax cap law and further through a tax rate cap.
- Swimming Pool Fund reflects -3.39% decrease. Operational transfers are made from corporate general fund to balance pool fund. The City continues to deal with problems created by the engineering and design of the facility. At Alderman Dikun's inquiry, Dave will see if there is an appropriate accounting practice that can be utilized to keep the funds used for the water bill in the swimming pool fund which would reflect on the transfers out of the corporate general fund.
- NISRA Fund reflects -2.50 decrease (about 65 residents that participate in the NISRA program)
- Road & Bridge Fund reflects -5.13% decrease. There was discussion about the cost of street signs and possibly approving an ordinance repealing the section of the code prohibiting SUV or truck parking in the first two parking spaces at all four corners on Ayer St. from Park to Sumner which would eliminate the cost of the signage; Dave will look into accident data at the Ayer St. intersections
- Off Street Parking Fund reflects 8.57% increase and includes the increase in the number of parking spaces available and weekend charge for parking at commuter lot; Dave will do survey of what other communities are charging
- Motor Fuel Tax Fund reflects 8.57% increase following the seven year program as established last year; project this year is construction of Garfield St.
- Police Protection Fund reflects -1.00% decrease
- Police Pension Fund reflects -0.79 decrease reflective of one less officer
- Insurance Fund reflects 6.45% increase

- Pension Fund reflects a -1.99% decrease
- Audit Fund reflects a 3.70% increase
- Debt Service Fund reflects a 1.08% increase
- Library Fund
- Revenue Summary - \$6,286,240 which reflects a -5.98% decrease

The proposed budget represents service reductions approved by the City Council. Since 2001, the city's workforce has been reduced since 8%. Administrator Nelson reviewed his executive summary with the following recommendations:

- do a continual review of the City's financial situation both quarterly and mid-year
- conduct financial workshops
- re-implement the city's five year capital improvement plan in the corporate general fund
- review financial situation specifically to finance a special census
- find resources for land planning and general planning
- accumulate one million dollars in the corporate general fund that will offer future financial stability
- review the water rate increase ordinance and water sewer tap on fees and adjust rates for the next three year period with a 5% increase over three years and to increase the maintenance fee to \$7.50 per billing period
- conduct a survey through the building department to review building fees and water sewer tap on fees
- find ways to seek investment in our community.

Alderman Dikun inquired if any of the elected officials on the City's health insurance plan were planning to voluntarily contribute more than the twenty percent. Alderman Hay felt this was a personal issue and was inappropriate to be discussed at this time.

The Finance Committee continued discussion with reference to funding Main Street which is currently not in the budget. Alderman Hay felt Main Street was a luxury, which at this time, the City cannot afford. Alderman Bellon noted that Main Street brings people and money into town and that it would be difficult to start up again in a couple years when there is extra money. Mayor Henning noted that it was his recommendation to fund Main Street five years ago and that he appreciates everything the organization has accomplished, but that it was not included in the budget at this time because it should be able to stand on its own two feet. If Main Street is important to the business community, they will support it. Anna Marie Platt and Joanne Boppart indicated that one of the requirements for the group to be a designated Main Street Community is that it be financially funded by the city it represents. There was discussion of the continued funding of the HEDC program which has been funded for two years and was cut by 50%. Chairman Hinterlong asked Administrator Nelson if he could review the budget and see if there was a way Main Street could be funded by \$7,500 for one year only.

Moved by Bellon to go through the budget line by line and find where there is some money to fund Main Street in amount of \$7,500 or for at least one quarter. The Committee discussed possibly reducing Dial-A-Ride services and looking into subsidizing a taxi service; minor modifications can be made but the City Council approved the contract with PACE through December 31, 2004. Alderman Dikun suggested having monthly Finance Committee meetings to be more involved in the budget process. Alderman Bellon restated his motion, seconded by Hinterlong to fund Main Street \$7,500 for the upcoming fiscal year; Administrator Nelson inquired if the motion included adopting the budget for recommendation by the full City Council. More discussion ensued on whether or not to adopt the budget, including the \$7,500 for Main Street, which would put the city into deficit spending or to see if the \$7,500 can be made up in the draft budget. Administrator Nelson suggested reconvening the meeting to a later time before the next City Council meeting to allow staff time to review the budget and to address other questions that were brought up. Alderman Hinterlong withdrew his second and Alderman Bellon withdrew the motion.

Moved by Hinterlong, seconded by Hinterlong to continue the Finance Committee Meeting which will reconvene on Monday, April 12, 2004, at 7 p.m. All ayes. Motion carried.

Submitted by:
Mel Hinterlong, Chairman