

# Village Budget

## FY 2017-18

March 13, 2017



### REPORT TO THE MAYOR AND TRUSTEES

Jeffrey A. Fiegenschuh | MPA, ICMA-CM, Village Administrator

It is my pleasure to submit to you the operating and capital improvement budget for the Village of Rantoul for the fiscal year beginning May 1, 2017. The numbers reflected in this document are part of the power point presentation on March 13th. There are expenditures totaling approximately \$41.5 million over the next year, of which, approximately \$600,000 is funding for current capital improvement projects. 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, are available on the village's website, [www.myrantoul.com](http://www.myrantoul.com).

This year's budget has been carefully reviewed and we believe that it represents the Village of Rantoul's ongoing mission to provide a high level of quality services to the citizens, while still maintaining strict adherence to the cost effectiveness and efficiency of programs and services.

As in previous years, it is the intention of staff that this budget reflects the priorities of our elected officials. This consensus was demonstrated by Mayor Smith and the Village Board of Trustees last year with the continuation of the three strategic planning focus areas: Schools, Neighborhoods & Economic Growth. 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 being greatly assisted with increase utility rates and the new local motor fuel tax.
- Total full-time staffing has decreased over the previous fiscal year 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 village micro loan program, the continuation of the Rantoul Enterprise Zones and TIF districts and reinvestment in the downtown corridor.
- Last year the mayor and trustees approved a utility tax that will be used in conjunction with the local property tax to work towards fully funding the police pension plan.

- A renewed emphasis on the total village appearance being demonstrated, including strict code enforcement, updates to the Rantoul Zoning Code and a strong rental inspection program. This coupled with renewed investments in our downtown area, the former Chanutte Air Base and both the east and west corridors into Rantoul will continue to spur additional economic growth.
- The mayor and trustees approved entrance into the Eastern Will County Insurance Cooperative in an effort to control health care costs long-term.
- The mayor and trustees approved changing personal property and liability insurance carriers with a net savings to the village of over \$50,000 annually.
- The budget includes the implementation of a new employee pay and compensation plan recommended by a professional employment consulting firm.

The Village of Rantoul will need to address the fiscal pressures presented by the following issues:

- A relatively flat EAV (Equalized Assessed Value)
- Escalating police pension costs
- Relatively flat sales tax revenues
- The affordability of the village's higher consolidated property tax rate
- The continued State of Illinois budget issues
- Possible funding cuts in LGDF

The following sections outline several significant funds within the Village of Rantoul

## The Corporate Fund

The Corporate, or General Fund, budget supports many of the day-to-day activities of the village. The departments housed within this fund include Police, Fire, Parks & Recreation, Administration & Finance, Planning, Zoning & Inspections.

The total Corporate Fund budget with just over \$9,050,000 in expenditures, reflects our commitment in providing core services to our community and as stated before was developed using the best available information and most current revenue projects. The budget for the new fiscal year, however includes an overall decrease in expenditures of -.06% from the previous fiscal year.

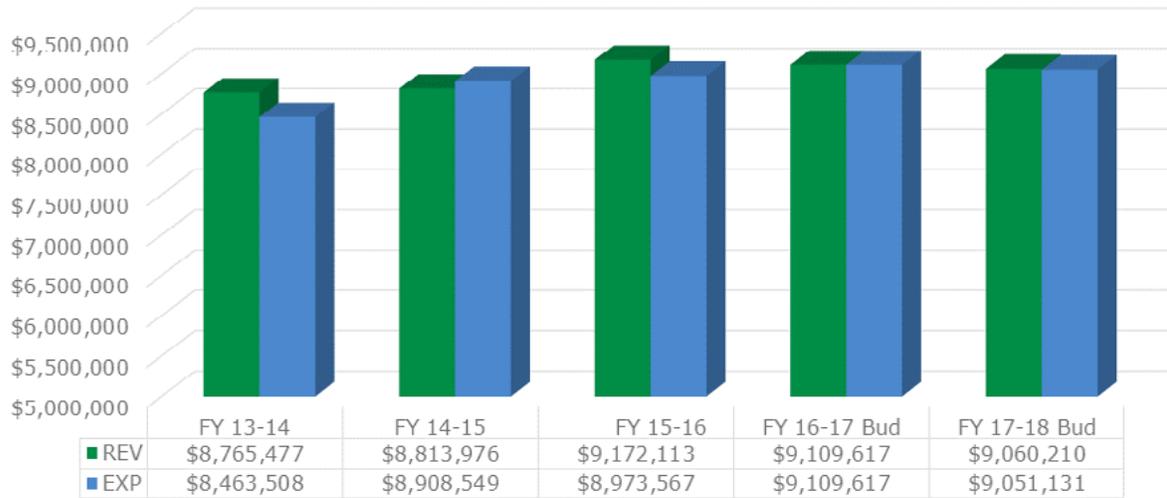
The major revenue sources of the Corporate Fund include property taxes, LGDG Income tax sharing, the state share and local home rule sales tax, telecom and utility taxes, Parks and Recreation sales and transfers and payment in lieu of taxes from other funds. The budgeted increase in the payment in lieu of taxes from the various utility funds amounts to approximately \$390,000. Even with these increases the village is still below the industry standards for in lieu of tax payments from utility funds.

The major expenses for the corporate fund include Public Safety, Parks and Recreation and Administration. Within each department the major expenses include personnel services (salaries and wages for full-time and part-time staff), Benefits (group insurance, IMFR, FICA) and Property Services (building maintenance, utilities, fleet assessments).

At the end of FY 15/16, the Corporate Fund balance was \$3,689,482. The cash reserve policy approved by the village board requires 25% of the corporate fund budget be available in cash. The village's total cash on hand continues to exceed the minimum cash policy required amounts by approximately \$1,000,000. Lastly, a majority of the outstanding long-term debt held by the village is obligated to the TIF and enterprise funds. [The current long-term debt obligated to the Corporate Fund is less than \\$300,000.](#)

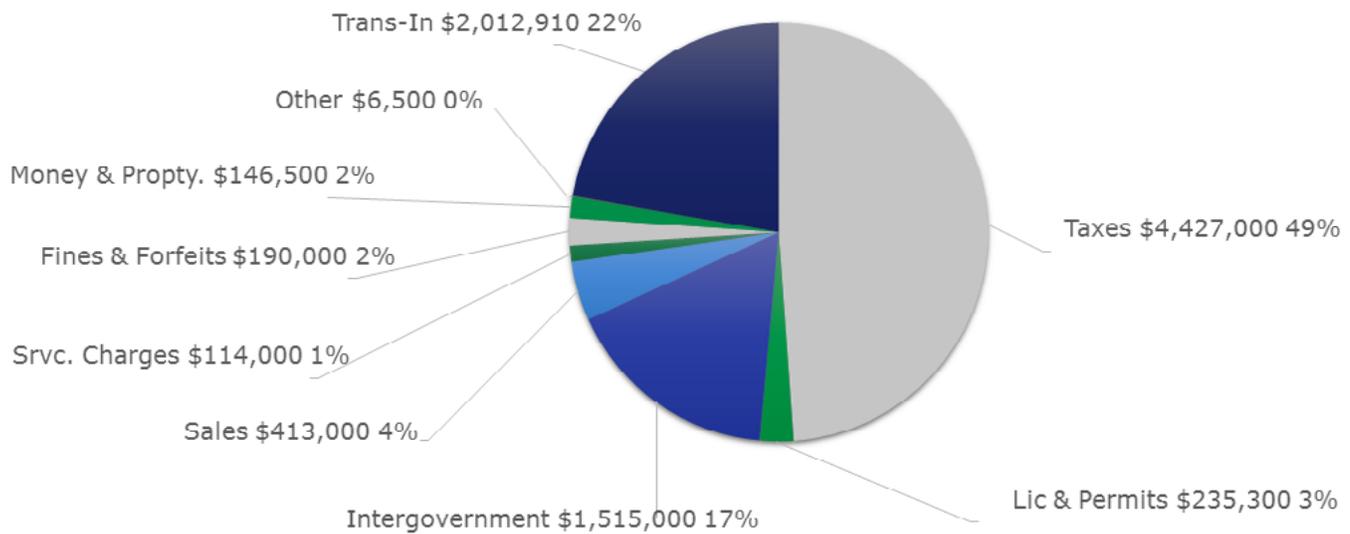
# The Corporate Fund (Continued)

## General Fund Revenues & Expenses



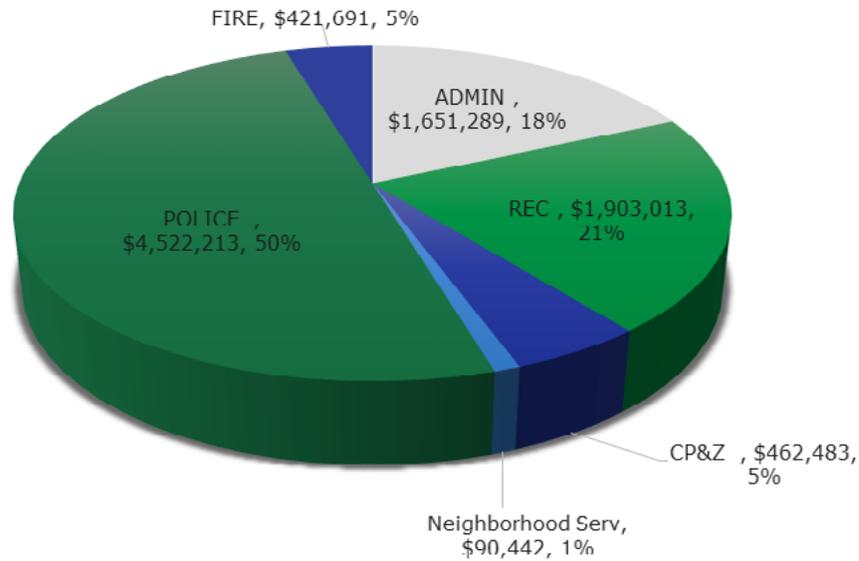
Fire Truck Lease proceeds & payment included in FY 15-16.  
 Bond Proceeds and expenditures included in FY 16-17

## Corporate Revenues by Category



# The Corporate Fund (Continued)

## Expenses by Department



## General Fund Cash Balance

The cash balance remains within the guidelines of the Corporate Fund's Cash Balance Reserve policy (25% of annual budget- \$2,625,000)



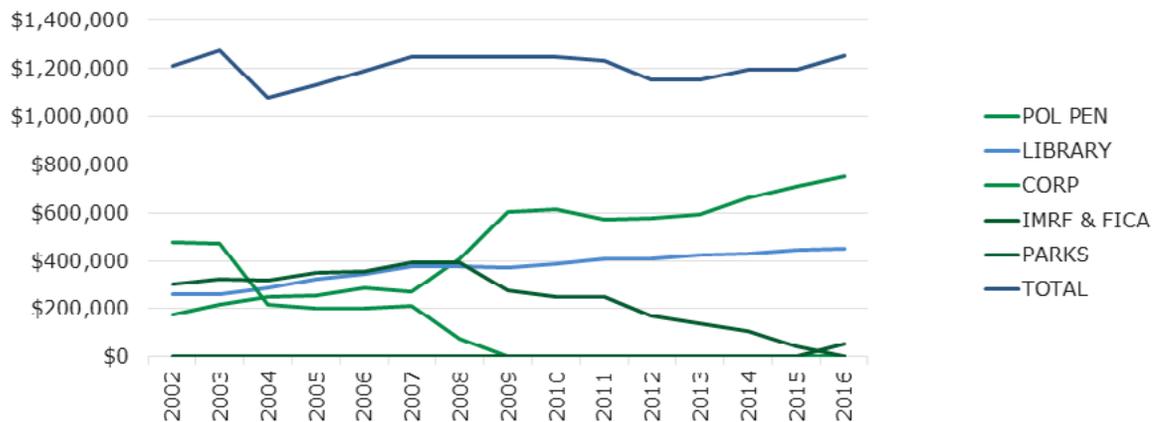
## The Corporate Fund (Continued)

### Major Revenue Sources of the General Fund

#### City Property Rate

The final budget is based on a property tax request of \$1,255,000, which equates to a rate of \$1.5055 per \$100 of assessed valuation. This is an increase of \$55,000 over the previous fiscal year and is due to the uncertainty of last year's park district referendum. Prior to December, the village had not increased its property tax request since 2011. Prior to that it had not been increased since 2006. Below is a breakdown of what is funded with the village's property tax requests. As you can see 95% of the village property tax request goes towards funding police pension obligations and the local Rantoul Public Library.

### Village Property Tax Levy



For home owners in the Village of Rantoul, the village's total property tax requests accounts for less than 13% of their overall consolidated county wide property tax bill. The following taxing bodies in Champaign County also levy a property tax: Champaign County, Rantoul Schools #137, Rantoul Township High School #193, Parkland College, Champaign County Forest Preserve, Rantoul Township, Rantoul Permanent Road, Multi-Township Assessor, Rantoul Park District and Rantoul-Ludlow Cemetery.

#### Property Tax Affordability Issues Update

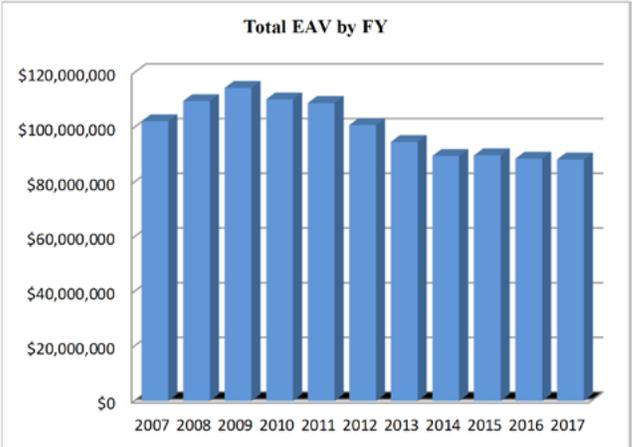
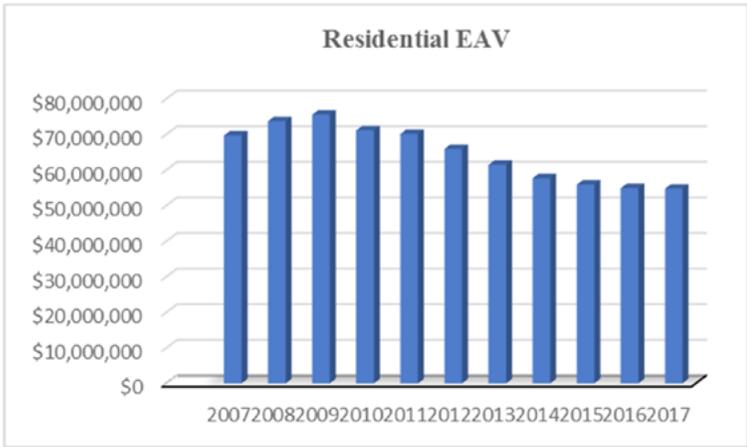
One of the challenges the Village of Rantoul continues to face is our estimated consolidated property tax rate of \$11.87 per \$100 assessed value payable in 2017. This consolidated rate is the highest cumulative rate in Champaign County and makes business recruitment more challenging. Most of the increases in the rate over the previous fiscal year can be attributed to relatively flat and declining property values, especially with residential property.

Through the Rantoul Tomorrow initiative, the village is working cooperatively with both school districts to find solutions to its low EAV and reputation issues in an effort to increase property values and investment in the community thus allowing the multiple government agencies to lower their overall property tax rates to be more competitive. Below is an example of an estimated property tax bill for 2016 payable in 2017. Also included is a bar graph highlighting the village's stagnant property values.

# The Corporate Fund (Continued)

Champaign County Tax  
A typical home

2016 EAV	\$33,334
2016 Taxable value after homestead	\$27,250
<b>Champaign County Government</b>	<b>\$238.66</b>
Village of Rantoul	\$395.04
Rantoul Schools #137	\$1,323
Rantoul High School # 193	\$809.92
Parkland College	\$150.26
Forest Preserve District	\$26.06
Rantoul Township	\$46.68
Rantoul Road and Bridge	\$70.06
Rantoul Permanent Road	\$61.76
Multi-Township Assessor	\$11.12
Rantoul Park District	\$68.56
Rantoul-Ludlow Cemetery	\$19.78
	<b>\$3,221</b>



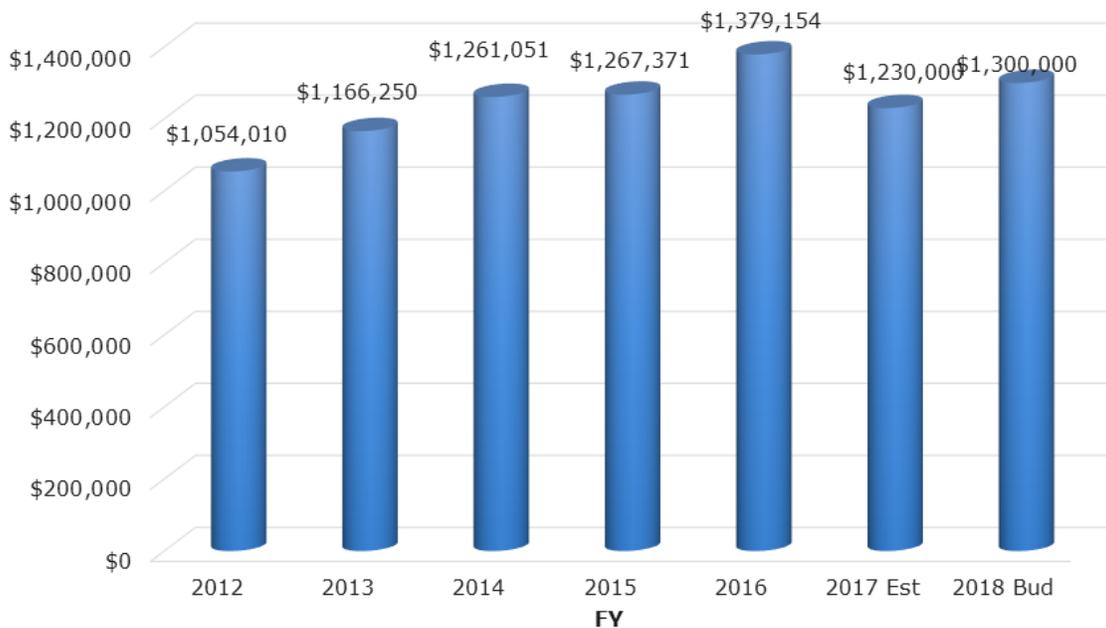
## The Corporate Fund (Continued)

### Local Government Distributive Fund

The national economy continues to show annual signs of improvement that staff feels will eventually have some positive effects on village revenues. LGDF (state shared income tax collections) is one of the major revenues the organization relies on for general fund expenditures and is typically a good indicator of the state and national economy. It has shown an increase in each of the last three years and has increased 25% since FY 2011. The total FY 16/17 collection of \$1,379,154 was well above the amount of \$1,054,010 collected in FY 11/12. Unfortunately, due to the continued state budget impasse 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.

Going forward it is extremely important to remind our state legislators how important LGDF funds are to our local community. The funds are not state aid, but dollars collected by the state on behalf of cities.

### LGDF History (Income Tax)



### State Collected Sales Tax

Sales tax receipts continue to remain relatively flat year over year. In fact, our state shared sales taxes projections, which are the best indicator of actual sales, are projected to be 1% higher than actual collection in FY 16/17. Between FY 11/12 and 17/18 sales tax collections have increased by approximately \$70,000 total. Staff feels this increase does not even cover inflationary pressures, which typically push sales tax collections up 2%-3% year over year. Since video gaming was enacted and the village began receiving a share of video gaming revenues sales tax collections have not increased, but remained flat and stagnant. Although there is no data to show otherwise, staff feels a portion of the gaming revenues received would otherwise be spent on hard goods and subject to the sales tax. Another major issue for growth continues to be the state of Illinois lack of a budget and the ongoing concern that state lawmakers will divert a portion of these shared income tax and sales tax revenues to ease the state's budget constraints.

## The Corporate Fund (Continued)

### Sales Tax by Fiscal Year (State Portion Only)



### Transfers In From Other Funds

Like many other communities across the country, the Village 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 village 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.

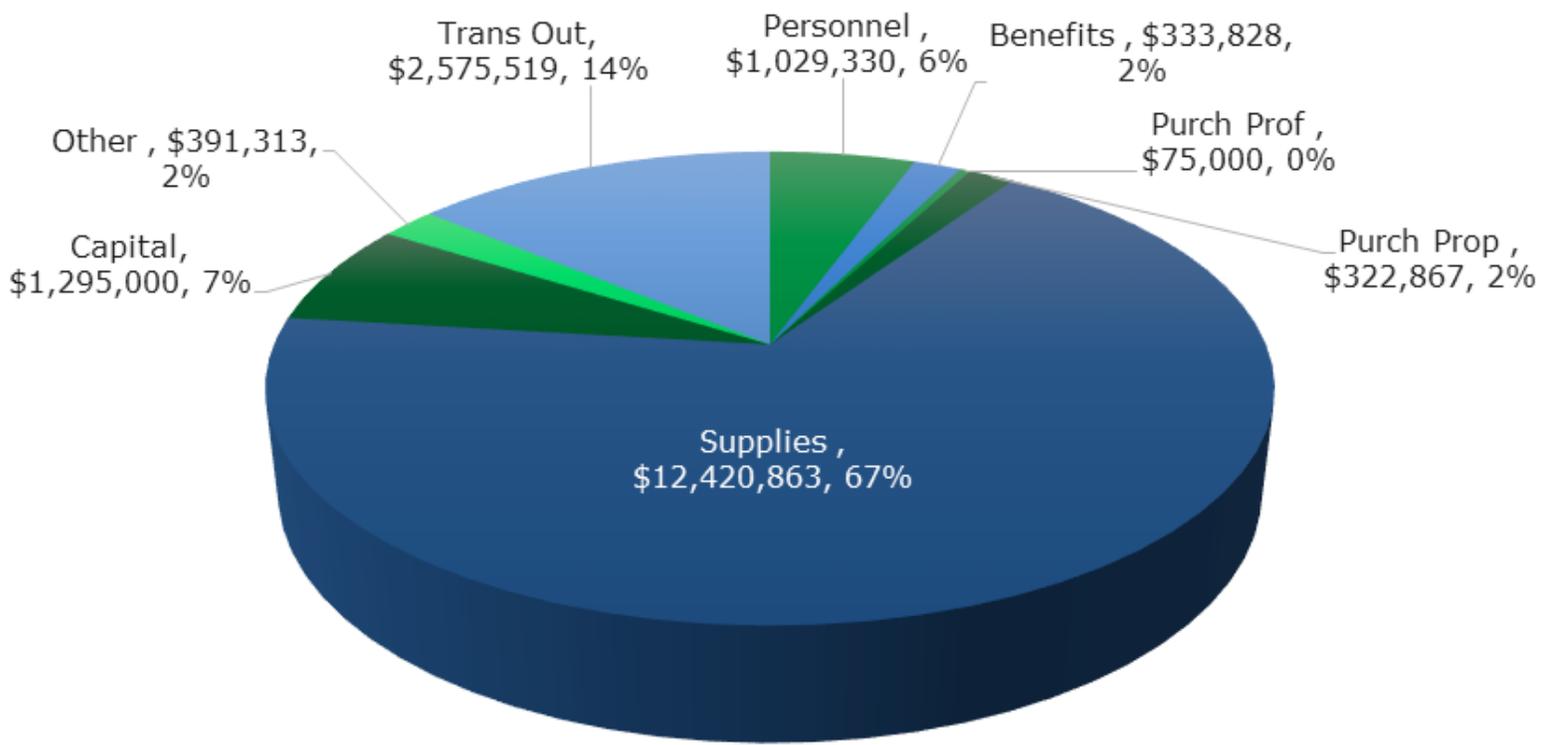


## Enterprise Funds

The Village of Rantoul Enterprise Funds, also commonly known as proprietary funds, consist of the Electric, Water, Sanitary Sewer, Natural Gas (on the former Chanute Airbase), Airport, Garbage and Storm Water funds. Within the utility funds, the period FY 10 - FY 16 has shown consistent revenue increases. This is in part due to the recent rate increases approved by the village board, but also in the case of the electric, water, gas and sanitary sewer funds additional customers and sales.

The single largest utility fund and overall village fund is the electric fund. This fund covers all the costs associated with the purchase and distribution to all properties within the corporate limits of the village. The overall budget for the electric department budget for FY 17/18 is approximately \$18,450,000. This constitutes a decrease of 4.2% over the previous fiscal year. These savings are being realized through a reduction in capital outlays. Approximately 67% 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 Expenses



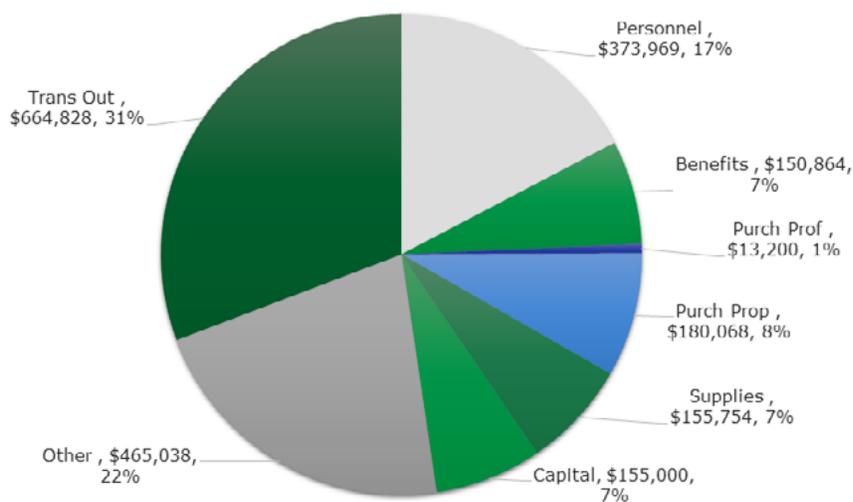
## Enterprise Funds (Continued)

### Cost per kWh



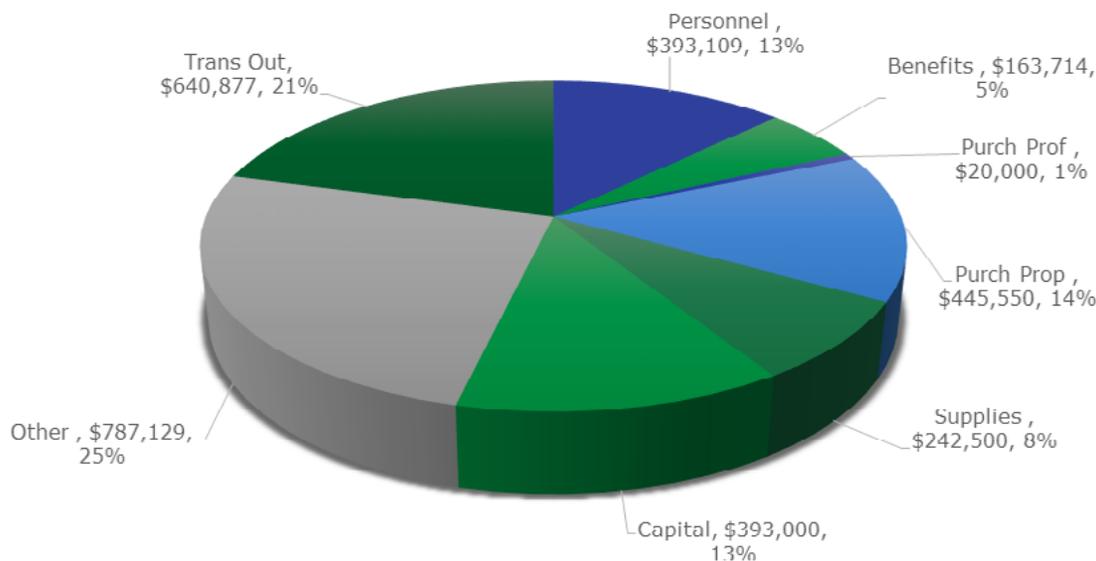
The combined Water and the Wastewater funds' Sales revenues are up over the previous fiscal year. Some of the increases can be attributed to an increase in overall sales, coming primarily from the industrial customer class. However, most of the increased revenue is due to the multi-year rate adjustments for both funds approved by the board. During the coming fiscal year there are several capital projects included in the budget for both departments. Those projects include cleaning and repainting the Campbell Street water tower, completion of the Indian Hills sanitary sewer relief line, upgrades to several sanitary sewer lift stations and sanitary sewer slip lining. Each of these projects is funded with established revenues, with the exception of the water tower project. This project is funded by the general obligation bonds issued in 2016. The bond proceeds are being repaid by already established water rate revenue.

### Water Fund Expenses



## Enterprise Funds (Continued)

## Wastewater Expenses



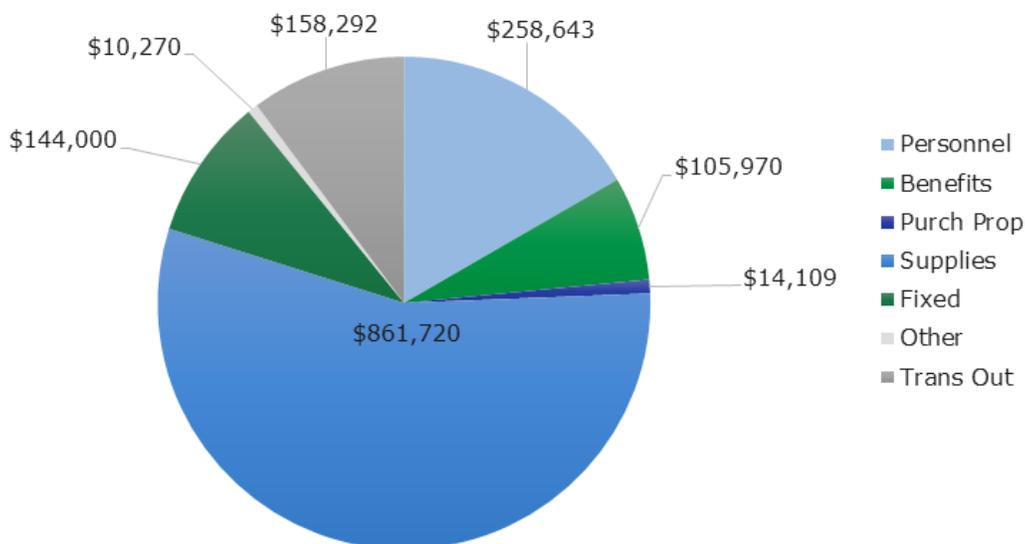
The Gas Fund serves only those customers who reside on the former Chanute Airbase. The fund continues to operate in the black, even though the past several years have seen a decrease in sales due to the warmer than anticipated weather. The amount of therms sold since FY 14 has decreased from a high of 2,361,540 to an estimated low in the current fiscal year of 1,620,000. The budget for the gas fund in FY 17/18 is \$779,000, with approximately \$120,000 of that coming in the form of new meter purchases that are part of the AMI/AMR meter project. Like the electric fund the largest expense for the gas fund is the purchase of the commodity for resale to our customers.

## Gas Therms Sold



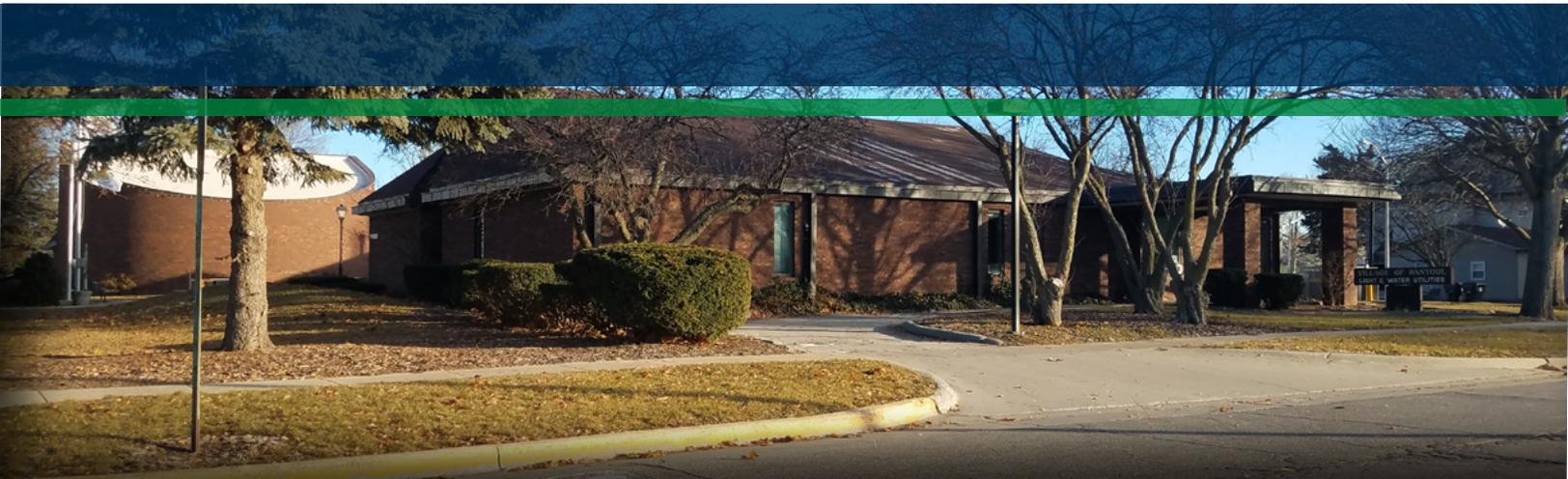
## Enterprise Funds (Continued)

## Gas Fund Expenses



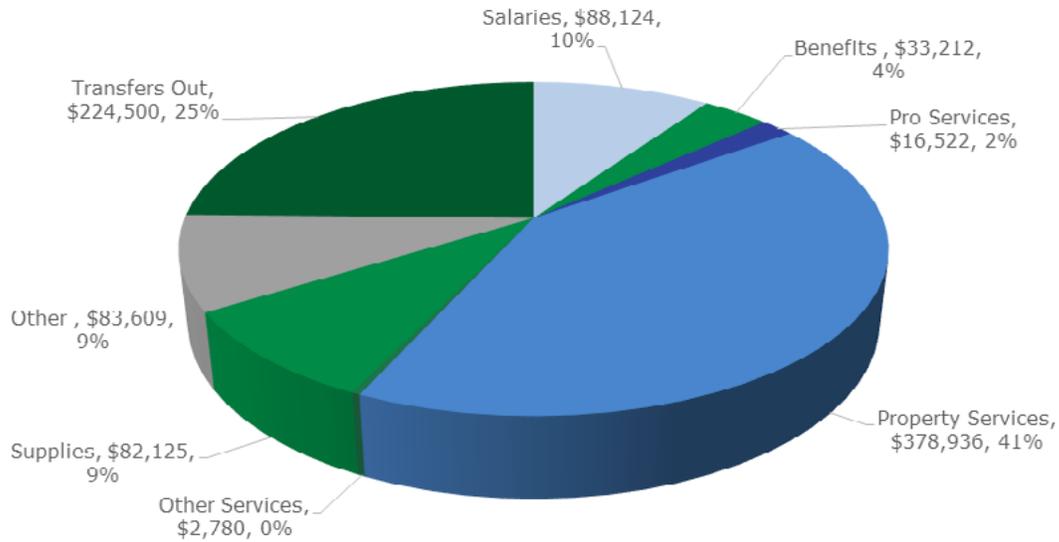
The Airport fund continues its struggles in the coming fiscal year due to a loss of leasing revenue at the AT & T facility. However, staff continues working to find cost savings and additional revenues including long-term lease opportunities and more special events to solidify the fund. The closure of Grissom Hall last year greatly assisted in the lowering of the fund's utility bill payments. Building rentals continue to dominate as a major portion of the airport's revenue, accounting for approximately 90% of total Airport revenue. The Airport Fund's revenue from Money & Property (including building rentals) has decreased 11% over the previous fiscal year due to decreases on leasing revenue. This could be a larger number if Vista Sports terminates their current lease.

The top concerns for staff continue to be stringent FAA rules that make it difficult to dispose of property in a timely manner along with inadequate lease income and an over reliance on special events revenues. As mentioned earlier, AT & T will be reducing its leasing foot print in October. This will reduce their lease payments by approximately \$180,000 annually. The good news is through additional cost saving measures the airport budget is balanced. Our team has dedicated more staff time to looking for new tenants to fill that space and has a broker to market the sale and/or lease of numerous other airport properties.



Enterprise Funds (Continued)

# Airport Expenses



# Airport Fund: Cash Balance



## Other Minor Funds

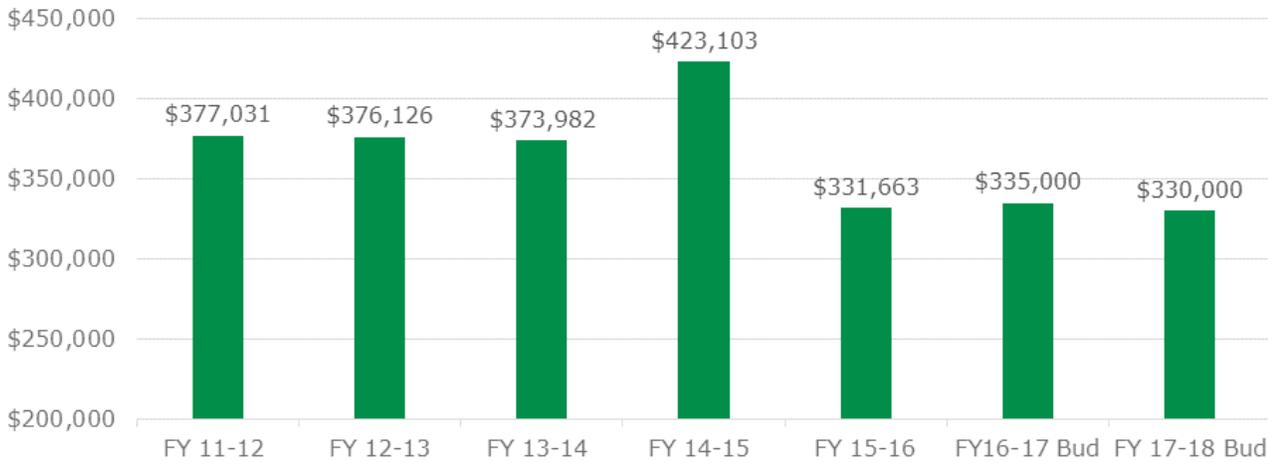
Local & State Motor Fuel Tax Funds are used to fund infrastructure and transportation related projects. The main sources of revenue include state shared motor fuel taxes and the recently enacted \$.05 per gallon local motor fuel tax. The state motor fuel tax is levied and collected by the state and redistributed back to localities based on a per capita basis. Since 2011 these distributions have continued to decline. For FY 17/18 the village is estimating collections of approximately \$330,000. This is down approximately \$47,000 from actual collections in FY 11/12.

## Other Minor Funds (Continued)

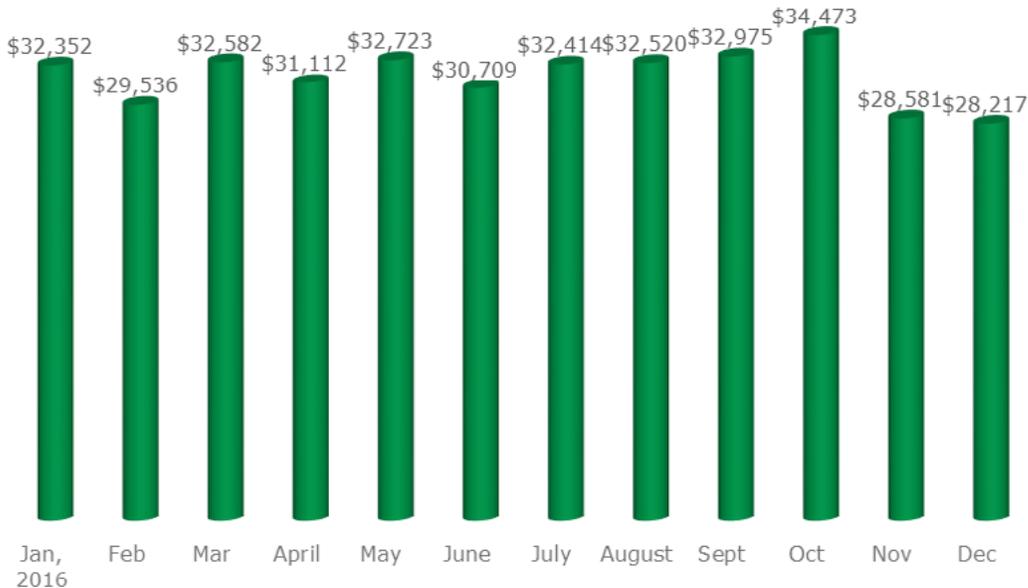
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# MFT Tax Receipts

FY 14-15 receipts enhanced by State's CIP and Jobs Now programs.



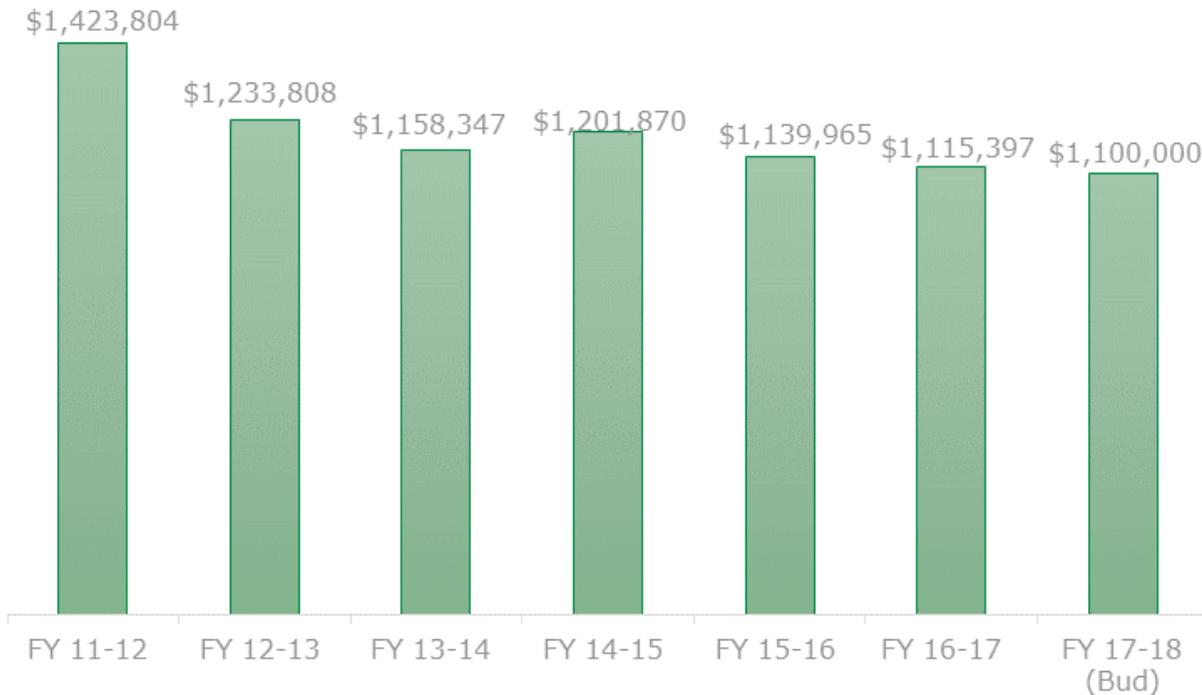
# Local MFT Receipts 2016



## Other Minor Funds (Continued)

The Village of Rantoul has several TIF funds, two of which are actively in use. The main village TIF is the Chanute TIF that was established in 1997 as a way to redevelop the former Chanute Air Base. 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 village reimburses the schools is approximately \$450,000 and is dependent upon the increment generated annually. Unfortunately this area has been hit hard by declining property values. Since FY 11/12 the TIF has seen a decrease in revenues of approximately \$300,000. Since the two largest expenses for this TIF are fixed costs this leaves fewer dollars being able to be utilized for redevelopment purposes.

### TIF I Fund (Chanute) Property Tax receipts



### Employee Benefit Costs

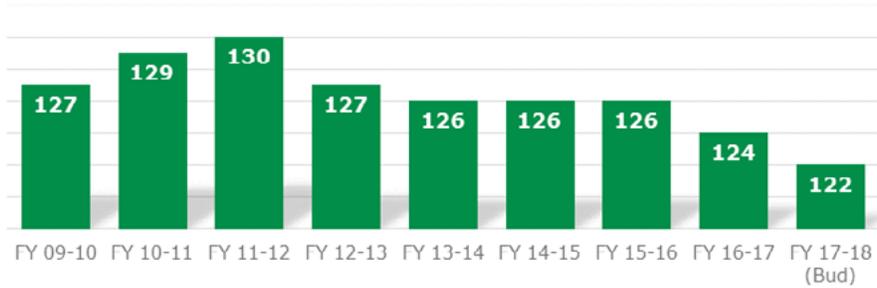
The Village continues to provide a competitive benefit package to our employees. As a result, this year the village opted to move forward with joining the EWBC (Eastern Will Benefit Cooperative), which is a subgroup of the IPBC (Intergovernmental Cooperative Benefits Cooperative). This group has over 37,000 employees and dependents from across central and northern Illinois. This cooperative allows the village to pool our buying power and stabilize rates long-term. The recent rate increases for the IPBC members has been in lower single digits, compared to the villages annual 10% rate increases that have been budgeted for the past 10 years or more.

## Other Minor Funds (Continued)

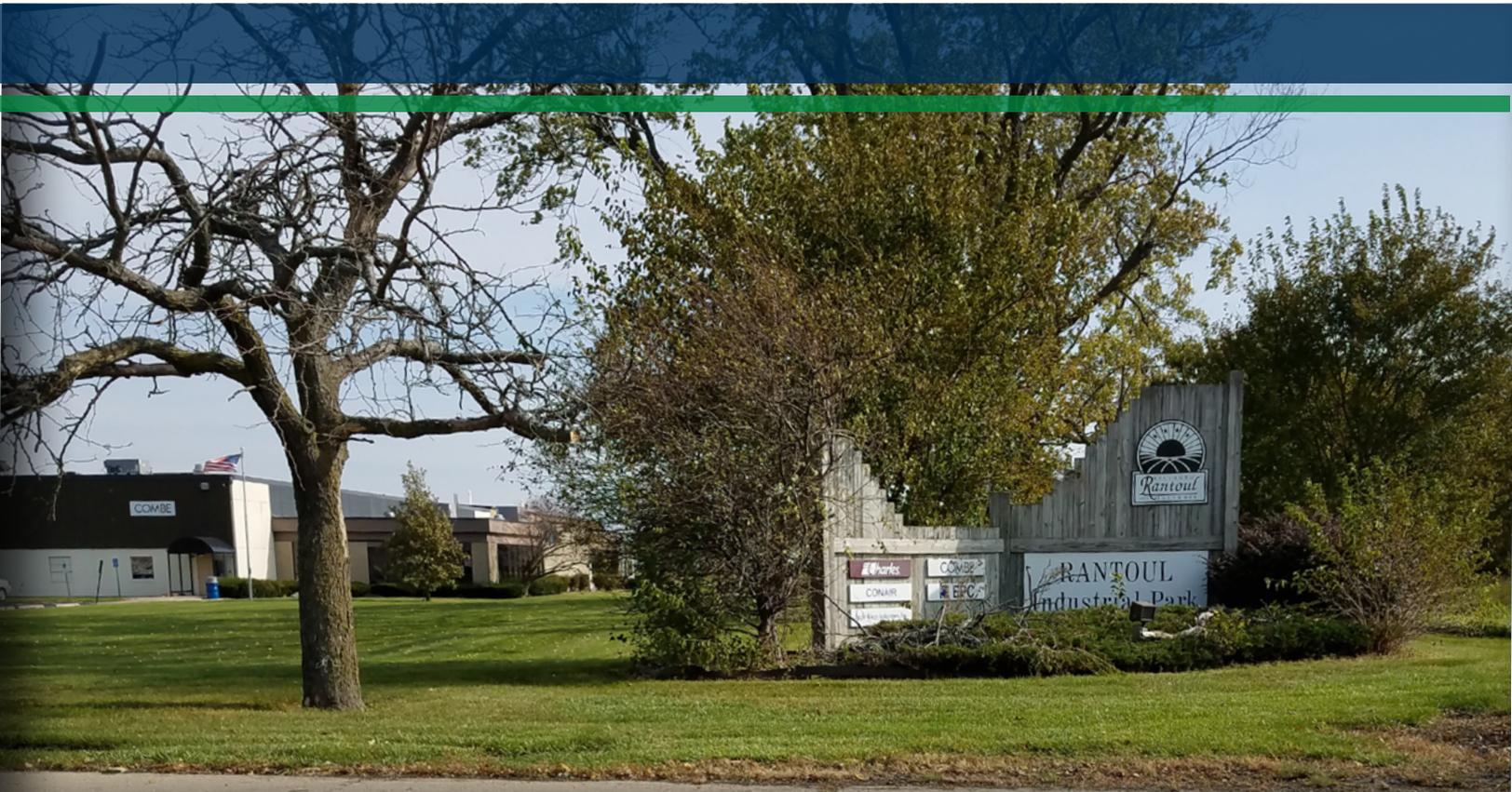
As a way to continue to control costs the Village of Rantoul will be offering a small classification of employees an early separation incentive program. This program will be centered on health insurance and will allow the employee to stay on the village insurance for an additional two years at no additional costs. With the exception of one position, if any other employees accept the proposal their positions will not be filled for a minimum of two years. The potential savings to the village could surpass \$100,000 annually if the incentive is fully utilized. For FY 17/18 the total number of authorized employees being proposed is 122, which is down a total of four since October 2014. Again staff will work to find ways to find efficiencies through future position reclassifications and consolidations.

## Staffing Level History

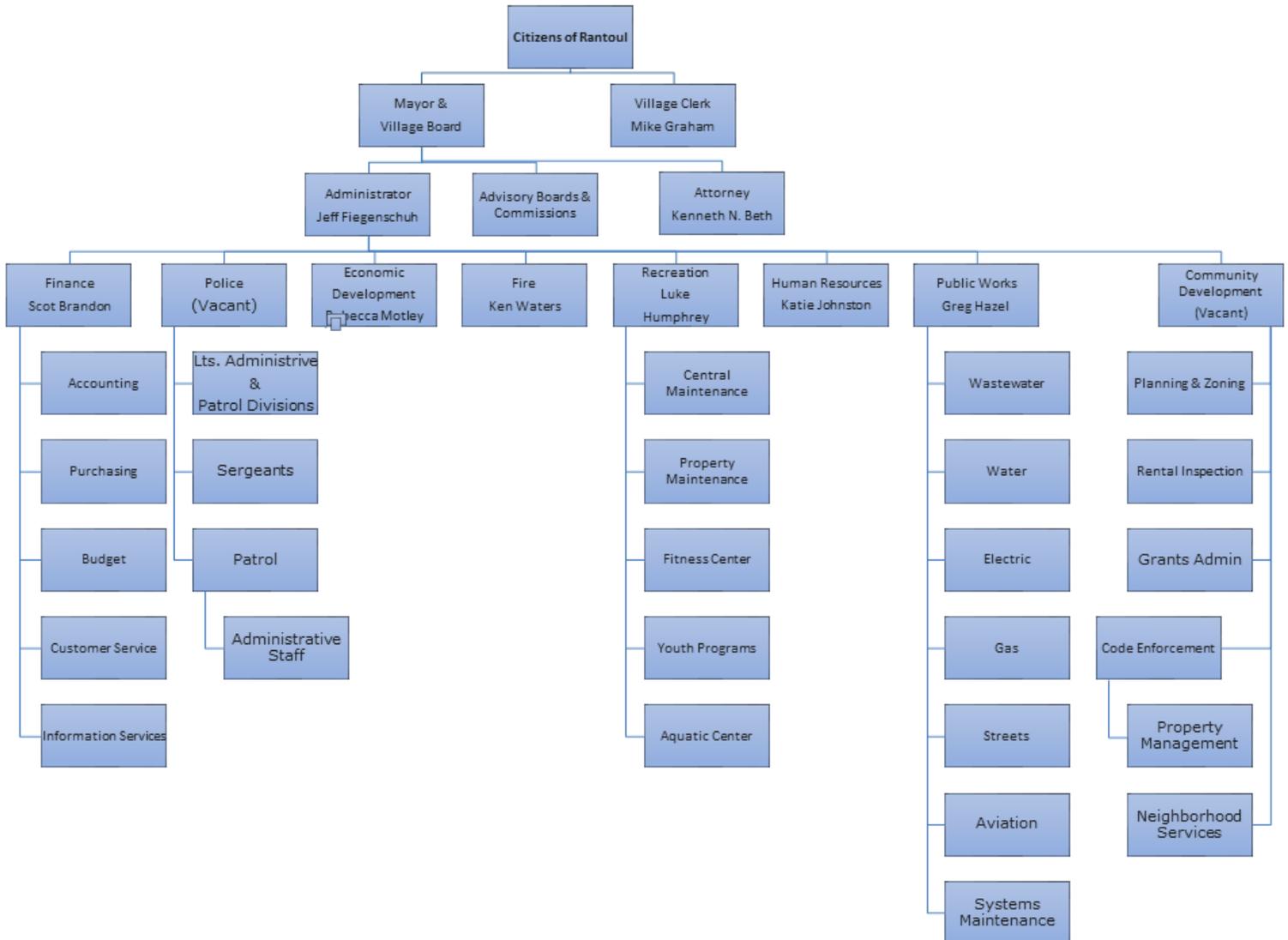
FULL TIME POSITIONS



The FY 17-18 budget shows a reduction of two full time positions in the number of authorized staff.



## Other Minor Funds (Continued)



## Recent Positive Steps

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

- Review of utility rates periodically. Electric rates were adjusted in October 2015 and will automatically adjust through May 2017. Likewise, the Village Board of Trustees adopted a 5-year water rate increase that went into effect in December 2015. These rates will automatically adjust each December through 2020. The recently approved water rate increases will allow the village to increase its water department reserves to more adequate levels and continue to allow for reinvestment into the treatment and distribution systems.
- Two years ago the village approved a contract for a single hauler garbage and recycling program. This program has been largely successful and helped to lower resident's overall garbage rates by up to 50%. Likewise the participation rate for the voluntary recycling program is at almost a 40% participation rate. This is almost double the original estimates.

## Recent Positive Steps (Continued)

- In an effort to reduce spending in the airport fund after the Chanutte Museum closed its doors the village disconnected most of the utilities to the lower bay of the facility. This will net an annual savings of over \$100,000 annually to the airport fund.
- Renewed the current enterprise zones and expensed them to new areas of the village. In January 2017, the village received official word from the state that the new enterprise zones were in effect for an additional 15 years.
- Implemented a new TIF district east of Interstate 57 that combines sections north and south of Highway 136 for the purpose of a major distribution facility development. By the time this budget is implemented a new project should be moving forward in the TIF.
- The new 74 room Holiday Inn Express next to Wal-Mart officially opened and has helped increase interstate 57 traffic into the community.
- Continued conservation measures, where possible, to minimize the impact of rising energy costs. In the FY 17/18 budget the village applied for a grant from the IMEA to change out all of the old lighting to energy efficient at the Forum Fitness Center, the Rantoul Youth Center, the fleet maintenance shop and the Parks and Rec administration facility. The payback for this project will be less than 5 years.
- Doubled strict code enforcement activity with aggressive clean-up targets and the persistent and diligent attention to the appearance of all areas of the community, in a continuing effort to reverse the overall negative image of the Village.
- Working to complete and update and overhaul of the village zoning codes, commercial and residential design guidelines and zoning maps. These changes will stream line the current cumbersome code to promote smart growth within the village.
- The Village Board of Trustees approved a two-year contract with the Champaign/ Urbana Mass Transit District to provide the first fixed route public busing system in the community. The village is working with the industrial park employers to fund a portion of the project.
- The Village Board of Trustees approved a \$7.7 million general obligation bond issuance to cover the costs associated with significant street, storm water, water and facilities improvements.
- Last December the Village Board of Trustees enacted a new utility tax to cover the increasing police pension costs. The new tax goes into effect April 2017 and will help the village reduce its over reliance on property taxes as the sole source for pension funding.
- Removed multiple buildings and abandoned homes and major efforts have been put in place to build a positive community response.
- Aggressively pursued the introduction of new commercial and industrial operations in Rantoul. The most recent examples include the recruitment of several new businesses at the airport and in the EDC (Economic Development Conveyance) area. Also, a local business is planning to move its operations into the new TIF 4 area.
- Through the Rantoul Tomorrow program, the village is working to improve its communication and overall relationship with both school districts. This past year the village investing dollars to hire a communications liaison to assist with outreach to residents and business owners.
- Staff implemented a new consolidated monthly board report that contains information from every department. This report is sent to the village board, along with being posted on the website and via Facebook in an effort to provide more transparent information to our residents.

## Recent Positive Steps (Continued)

- Funds are again budgeted to continue the fixed route bus system with CCARTS. This route connects the industrial park and numerous commercial and residential sections of Rantoul.
- Staff will continue working with the mayor and village board to find new grant opportunities for expanding programs for our residents.

## Conclusion

Rantoul has numerous priorities for the coming fiscal year. This budget adequately funds the needs of the village and sets the appropriate spending policies of the elected officials for the coming fiscal year. Yet, future year budgets may present the community with challenges. Next year the village will be moving forward with a policy/program based budget that allows the village board to better prioritize spending based on policies and programs it deems most important. The village will continue to monitor the economy and state budget crisis carefully as both could have a direct impact on village revenues. Other changes coming include better asset management techniques to assist the village with its efforts to continue to reduce its building 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 fiscal year. Another major concern going forward continues to be properly funding police pension obligations, while continuing to provide other vital services our residents have come to expect. The new public safety fee will help to ensure the village can adequately meet its annual actuarial recommended contribution. The village will be giving serious consideration to issuing general obligation bonds to fully fund its unfunded pension liability in the coming fiscal year.

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 Village of Rantoul should be proud of its dedicated employees who understand today's economic environment.

