

## **CITIZEN'S BUDGET HIGHLIGHTS**

The City's goal in developing the 2009 budget was to continue offering citizens basic services, economic development efforts, a continuing capital improvements program, and fiscal stability. Development and adoption of this budget was premised on maintaining a level of service equivalent to 2008, making incremental improvements where possible, and continuing to comply with the limitations of the Property Tax Extension Limitation Law (Taxcaps).

### **PROGRAM EXPENDITURES**

The budget appropriation in 2009 is \$240.7 million for all funds, an increase of \$31.8 million from the 2008 appropriation of \$208.9 million. Major program changes for 2009 include:

Community Development's appropriation decreased \$1.1 million. Six Planning Division staff members and nineteen Building staff members were transferred to the newly created Construction and Development Services Division. This resulted in an increase for this division. Community Development's decrease is due to salary savings from furlough days and frozen vacancies in addition to decreases in personnel costs, contractual, and supplies across all divisions.

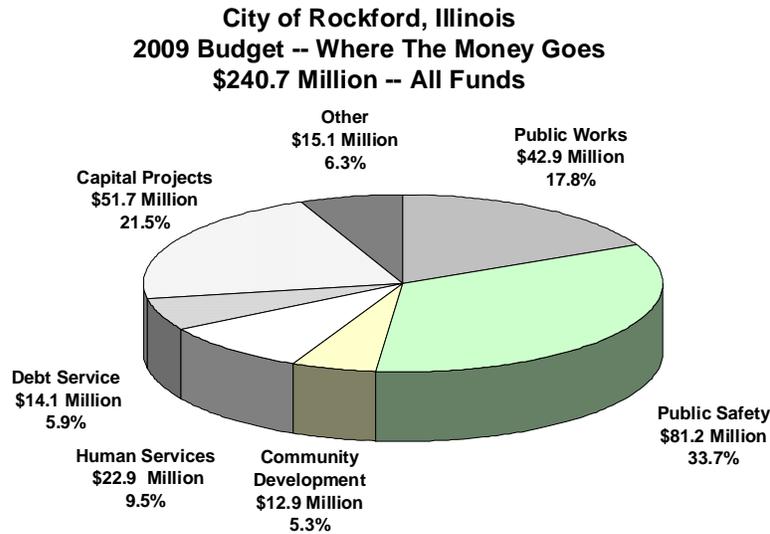
Public Safety's appropriation increased \$0.7 million due to a reduction of a vacant civilian position in Police and changes in union health insurance; a decrease in overtime for the Police and Fire Departments; contractual reductions in fuel costs, vehicles, vehicle repairs, travel, and education & training; and decreases due to the supplemental appropriations from 2008.

Human Services' appropriation increased \$0.3 million from 2008 due to library personnel increasing. This included a general wage increase plus the addition of 14 new employees to the new East Side Branch. A majority of the increases in contractual and supplies for the Human Services Department can be attributed to the East Side Branch Library.

The Public Works budget increased \$31.5 million dollars from the previous year's budget. Personnel expenses increase generally for health insurance and with staff additions in the Water Division. The main increase is in the Capital Projects Fund. The 2009 work program consists of \$29.9 million for transportation and economic development and \$22.0 million for water for new projects. The proposed water system improvements, \$22.0 million in 2009, include construction of 10 treatment plants at various well sites, installation of two wells, and construction of about 15 miles of trunkline water main. The project is being done to address several problems including low water pressure, discolored water, and the requirement to remediate radium levels at five wells.

The budget for Debt Service increases \$33,000 from 2008 to 2009. While plans are still being formulated, the City anticipates two 2009 sales, in the early spring and late fall for TIF district development projects. The 2009 spring sale of \$2.6

million will be in two parts. \$1.65 million will be tax exempt for two housing projects: Valencia (\$0.35 million) in the River North TIF and Rock River Towers (\$1.3million) in the Main Whitman TIF and an air cargo facility of \$0.95 million in the Global Trade Park #1 TIF.



The Capital Projects Fund budget for 2009 increased \$30.6 million from the previous year. In 2008, \$20.0 million was spent on transportation and economic development incentives. \$1.0 million was also spent on new water projects. In 2009, \$29.9 million will be expended on transportation and economic development initiatives and \$22.0 million for new water system rehabilitation projects. On going projects, already funded in previous years, will continue and incur expenses in 2009 as well. The City placed a referendum before the voters on April 2007 for a one-percent sales tax increase in order to finance capital projects in obligation bonds issued annually to fund capital projects. In 2009, sales tax revenue will generate \$16.0 million for capital projects. The remainder of funding will come from state motor fuel tax revenue and inter-fund transfers.

In the Other category, the \$1.8 million increase is due to increases in pension and health insurance expenses.

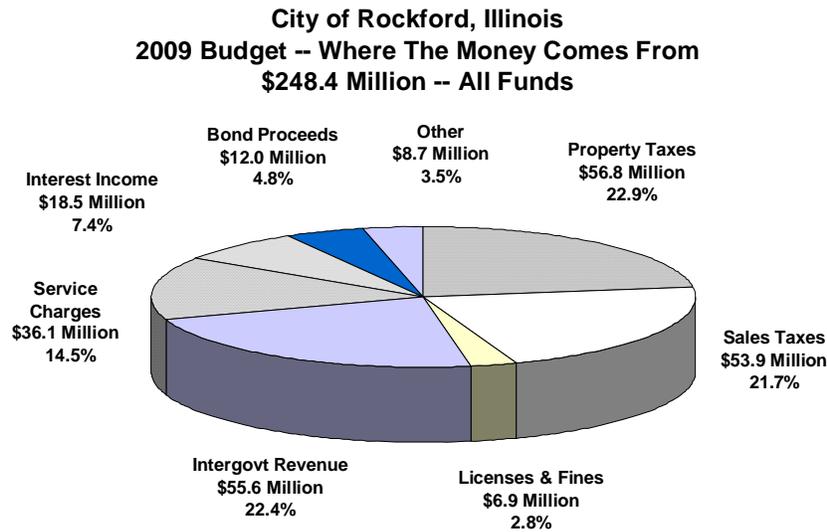
## REVENUES

For 2009, the revenue budget is \$248.4 million for all funds, an increase of \$14.8 million from 2008's \$233.6 million.

The 2009 revenue budget emphasizes:

- A stable property tax rate.

- Continued emphasis on user fees including systematically updating the rates to keep pace with costs.
- Ongoing efforts to aggressively capture federal and state revenues.



Major revenue changes for 2009 include:

Sales tax decreased \$2.8 million due to current economic conditions.

Replacement taxes decrease \$916,000 as a result of the economic downturn.

Service charges increase \$1.2 million from the previous year total of \$34.9 million due to an increase in ambulance fees.

Intergovernmental revenues from federal, state, and local governments are projected to increase \$7.6 million from 2008.

The State Income Tax decreases \$231,000 due to high unemployment.

Property taxes increase \$1.3 million from the 2008 total of \$54.4 million due to an increase in the EAV and annexations.

## ACCOUNT EXPENDITURES

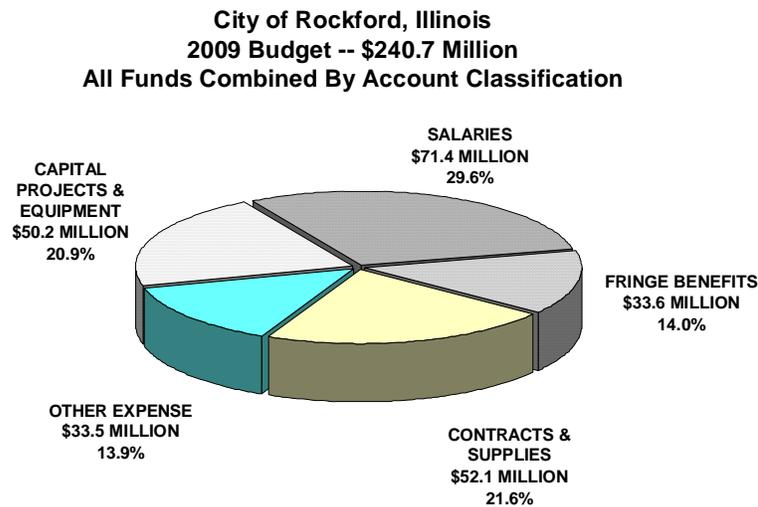
The 2009 City Budget, when viewed from a line item rather than a program perspective, illustrates the fact that almost two-thirds of the budget is attributable to personnel and infrastructure improvements. This reflects the fact that the City is a labor intensive service organization with 1,200 employees and has a considerable investment in streets, bridges, buildings, and water and sewer systems that must be maintained and renewed.

Major spending changes by account type for 2009 are:

Salaries decreased \$1.5 million as a result of salary adjustments, including wage freezes and furlough days for non-union employees.

Fringe benefits increased \$1.6 million as a result of health insurance premium increases.

Contractual and supply accounts decrease \$5.9 million due to reductions across several departments.



Capital projects increase \$24.4 million from the 2008 budget, with available funding for transportation and economic development initiatives, as well as new and on going water projects.

Other expenses are projected to increase \$761,000.

## COUNCIL CHANGES TO THE BUDGET

The Council received the budget on December 17, 2008 and referred it to the Finance Committee. The Committee, after holding two budget hearings with departments, approved the budget on March 30, 2009.

#### WHAT THE 2009 BUDGET WILL COST THE TAXPAYER

The 2009 budget continues stability for the Rockford homeowner. For a homeowner with a \$100,000 home, the rate and cost for 2006, 2007, 2008, and 2009 are shown below.

Property Tax Bill (City Portion Only)  
For Home With \$100,000 Market Value  
2006-2009

<u>Year</u>	<u>Rate</u>	<u>Bill</u>
2006	\$2.58	\$728
2007	2.52	714
2008	2.53	704
2009	2.55	723

The City continues to use and to selectively adjust user fees so that those who use certain services pay for them rather than passing the costs on to all taxpayers through property taxes. Through a combination of property taxes and user charges, quality city services will be offered at a reasonable cost to the residents of Rockford.