

CITY OFFICIALS

Gary W. Manier, *Mayor*

Valeri L. Brod, *City Clerk*

Abbey M. Strubhar, *City Treasurer*

Jim Snider, *City Administrator*



ALDEPERSONS

Michael J. Brownfield, *Ward I*

Lilija V. Stevens, *Ward I*

Brett M. Adams, *Ward II*

Todd M. Yoder, *Ward II*

David Dingleline, *Ward III*

Brian H. Butler, *Ward III*

Aaron R. Boyles, *Ward IV*

John J. Blundy, *Ward IV*

FY 22-23 Proposed Budget Transmittal Letter

April 8, 2022

Mayor Manier and Council Members:

Attached is the proposed budget for the City of Washington, Illinois for the fiscal year May 1, 2022 through April 30, 2023.

Nothing is accomplished singularly. Thank you to the council members and all of the department heads for their efforts in arriving at this juncture. This document reflects the collaborative efforts of the City's elected officials and staff. Department Heads - Finance Director Joanie Baxter, Public Works Director Kevin Schone, Planning & Development Director Jon Oliphant, City Engineer Dennis Carr, Police Chief Mike McCoy, Deputy Chief Jeff Stevens, Utilities Superintendent Brian Rittenhouse and City Clerk Valeri Brod.

Collectively, hundreds of hours have been put into this budget. It is a team effort and reflects the commitment that the administrative leadership of the City of Washington have to the Mayor, Council and residents of Washington.

Attached is also the FY22-23 Position Budgeting Report with proposed base salary amounts. A summary of the City of Washington's FY23-23 Budget in comparison to the prior year is shown in the table on the preceding pages. Revenues and expenses across all funds have been grouped into common categories for comparative purposes. While these data are useful in providing summary information and general trends, substantive conclusions should only be made following a more thorough evaluation of the budget detail provided for each individual fund.

EXPENSE OVERVIEW

The budget appropriates \$29,509,680 to meet the City's anticipated expenses for the fiscal year beginning May 1, 2022, a \$3,625,283 or 14.01% increase compared to the prior year. Of the nine major service categories shown in the Budget Trends table, expenses related to the City's core services (sanitary sewer, streets, public safety and water) account for over 87% of total budgeted expenditures. Congress passed The American Recovery Act and the President signed it on March 11, 2021. Included in the Budget is the 2nd installment of the grant in the amount of \$1.02M for total funding under the program of \$2.143M. No significant obligation of these funds has been budgeted.

The proposed budget continues to include a significant reinvestment in the City's infrastructure, most notably to maintain aging streets and utility distribution systems. Capital expenditures are estimated to total approximately \$13.3M in the coming year, 45.1% of total budgeted expenses, including \$725,750 for capital expenditures that have been fully funded in the Capital Replacement and Building Maintenance Funds.

Personnel expenses are estimated to total \$8.5M in FY22-23 and account for 29.8% of total expenditures. Total City employment (72.2 FTE) is proposed to increase to add positions for an additional police officer, GIS specialist and increase a part-time police administrative specialist to full-time. About 45% of the City's workforce is engaged in public safety services; 44% is committed to public works; 8% to general administration and cemetery and 3% to planning, zoning and economic development. Joining the Intergovernmental Personnel Benefit Cooperative (IPBC) a few years ago has proven to be a wise decision in containing health insurance costs, as the City continues to benefit from rate increases much less than the average as well as an overall six-year decrease in rates.

Operations costs are projected to decrease by about \$74,710 or 1.2% in the coming year. Operations category includes a wide variety of expenses: utilities (electric, natural gas and phone); professional fees (legal, engineering and data processing); repair and maintenance of buildings, grounds, office equipment, and public infrastructure (streets, sidewalks, storm sewers); training; property insurance; chemicals (mostly those used in the treatment of water and wastewater); janitorial supplies and various commodities. Other long-term commitments include the expanded service level with the Washington Fire Department for the second ambulance and a revised TC3 funding formula. In addition to the annual operational costs, this year's budget includes one-time expenses related to the Comprehensive Plan which is primarily funded by an Illinois Department of Transportation Grant and several Capital Improvement Projects.

Annual debt service expenses of \$1.1M is unchanged from than the prior year and account for about 3.9% of total budgeted expenses. Of this total, \$526,627 is payable from sewer revenues, \$356,062 is payable from General Fund income, and \$261,315 from water revenues.

REVENUE OVERVIEW

Sales and use taxes make up the largest source of monies to fund the FY21-22 budget. These revenues are generated from four component parts: the 1% municipal sales tax (\$3.775M), the 1.25% home rule sales tax (\$2.886M), the additional .5% Home Rule Sales Tax for infrastructure (\$1.15M), and the local use tax (\$602,000). In addition, the budget includes \$942,000 for the Home Rule Sales Tax for stormwater management purposes as approved by the City Council on March 21, 2022 and as such will take effect July 1, 2022.

Revenues remained strong throughout FY21-22 despite the ongoing COVID-19 pandemic. Sales taxes were boosted by the Internet sales tax that was effective January 2021. Projections are still remaining conservative at just a 2% increase over current year estimated revenues.

Surplus funds have resulted from an accumulation of funds and continue to be utilized for one-time capital projects in the General Fund. As emphasized in prior budgets, the funding of certain capital projects requires the City to accumulate monies in some years in order to pay for projects that occur in later years. Furthermore, accumulated cash reserves that are realized through normal operations can be safely spent on one-time capital projects provided the City maintains sufficient reserves to meet its minimum cash reserve requirements, its cash flow needs and prudent contingencies for unanticipated expenses.

After budgeting the expenditure of \$2.4M of surplus funds, the resulting ending General Fund balance of \$10.186M is still 65% and 50% of total revenue including and excluding ARPA funds, respectively as compared to the minimum standard balance of 25% of projected revenue.

CHALLENGES & OPPORTUNITIES

The economy has rebounded nicely from the COVID pandemic. Federal government stimulus greatly assisted the recovery. However, COVID related supply chain shortages and the price of oil has seen a significant spike in inflation. The recent inverting of the interest rate yield seems to be forecasting a recession. The Federal Reserve is expected to raise short term interest rates 1-2% over next several months, which should cause inflation to calm down, but may also cause the economy to soften. Since we are heavily reliant on sales tax to fund our operations, we need to track these economic developments accordingly.

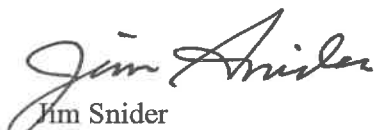
The FY 2022/2023 Budget will reflect the previous year's trends in revenue.

An ongoing financial challenge facing the City continues to be the ability to keep pace with necessary improvements that sustain existing infrastructure and enable economic growth. The City Council has taken significant steps towards the funding of infrastructure with the increased sales tax and utility rates and fees. In addition, the State of Illinois increased Motor Fuel Taxes to provide the necessary transportation funds needed to assist with street improvements, reconstruction and repair. These revenue projections are reflected in the budget as well as a robust Capital Improvement project list. The Capital Improvement Plan (CIP) will continue to be an important document as we move forward with infrastructure planning and implementation of the plan in future years. Lastly, W223 will be analyzed for infrastructure needs and recommendations for development.

SUMMARY AND ACKNOWLEDGEMENTS

In summary, due to my just beginning my assignment as city administrator last December, I've relied heavily of staff in preparing the budget for the 2022/2023 fiscal year. We have presented proposed budget worksheets over the last 10 weeks. I would like to thank the Finance Director, Joanie Baxter for her efforts in assembling this spending plan and the Department Heads and Managers for their team approach. In addition, I would like to thank the Mayor and City Council for their commitment to developing a realistic spending plan that funds the provision of excellent core services for the residents and businesses of Washington and the continued efforts to implement the aggressive Capital Improvement Plan.

Respectfully submitted,


Jim Snider
City Administrator

CITY OF WASHINGTON
FY22-23 POSITION BUDGETING REPORT

Department	Base Salary - Full-Time	Part-Time based on FTE
Administration	199,540	34,497
Engineering	186,534	
Finance	361,609	79,030
Planning & Development	227,036	
Public Safety	2,249,474	107,257
Public Works	1,376,686	62,400
	4,600,879	283,184

ADMINISTRATION

Position	Base Salary - Full-Time	Part-Time based on FTE
City Administrator	145,550	
Administrative Assistant	53,990	
Human Resource Manager	33.17/hr.	

ENGINEERING

Position	Base Salary - Full-Time	Part-Time based on FTE
City Engineer	128,835	
Engineering Tech	57,699	

FINANCE

Position	Base Salary - Full-Time	Part-Time based on FTE
Finance Director	129,484	
Finance Support Specialist	64,507	
Senior Customer Service Specialist	66,119	
Customer Service Specialist II	57,777	
Customer Service Specialist I	43,722	
P-T Accountant		79,030

PLANNING & DEVELOPMENT

Position	Base Salary - Full-Time	Part-Time based on FTE
Planning & Development Director	103,398	
Planner	61,819	
GIS Specialist	61,819	

CITY OF WASHINGTON
FY22-23 POSITION BUDGETING REPORT

PUBLIC SAFETY

Position	Base Salary - Full-Time	Part-Time based on FTE
Police Chief	136,431	
Deputy Chief	103,125	
Sergeant	90,141	
Sergeant	88,573	
Sergeant	87,793	
Sergeant (2)	86,233	
Patrol Officer	78,290	
Patrol Officer (2)	77,600	
Patrol Officer (3)	76,911	
Patrol Officer	76,221	
Patrol Officer (4)	74,842	
Patrol Officer (2)	68,279	
Patrol Officer (5)	57,713	
Patrol Officer	26,246	
P-T Sergeant		15,528
P-T Officer (4)		59,125
Administrative Assistant	59,221	
Administrative Officer	52,264	
Police Admin. Support Specialist	62,935	
Police Admin. Support Specialist (2)	52,672	
P-T Police Admin. Support Specialist (2)		32,604

PUBLIC WORKS

Position	Base Salary - Full-Time	Part-Time based on FTE
Public Works Director	108,156	
Water Treatment Plant Supervisor	76,419	
Water Treatment Plant Laborer	60,653	
Water Treatment Plant Laborer	50,232	
Sewer Treatment Plant Supervisor	72,488	
Sewer Treatment Plant Operator	55,786	
Sewer Treatment Plant Laborer	61,194	
Sewer Treatment Plant Laborer	59,613	
Distribution and Collections Supervisor	59,301	
Distribution and Collections Foreman	47,861	
Distribution and Collections Laborer	43,992	
Distribution and Collections Laborer (2)	43,992	
Distribution and Collections Laborer	42,453	
Streets Supervisor	59,301	
Mechanic II	67,558	
Streets Foreman	64,272	
Streets Laborer	59,613	
Streets Laborer	54,891	
Streets Laborer	51,792	
Streets Laborer	50,232	
Streets Laborer (2)	48,672	
Streets Laborer	45,552	
Grounds Maintenance	15.00/hr.	46,800
P-T Laborer	15.00/hr.	15,600

BUDGET TRENDS AT A GLANCE

City of Washington, IL

		<u>FY 2022-23</u>	<u>FY 2021-22</u>	<u>CHANGE</u>	
TOTAL BUDGETED EXPENSES	\$	29,509,680	\$ 25,884,395	\$ 3,625,285	14.0%
by MAJOR SERVICE TYPE		% of Total			
Street Operations/Improvements/SWM	\$	10,635,894 36.0%	\$ 7,934,444	\$ 2,701,450	34.0%
Public Safety (Police, Fire, ESDA)		7,712,228 26.1%	6,057,682	1,654,546	27.3%
Sanitary Sewer System		3,926,629 13.3%	4,604,759	(678,130)	-14.7%
Water System		3,550,917 12.0%	2,972,236	578,681	19.5%
Planning/Zoning/Econ. Dev./TIF		1,125,120 3.8%	1,662,993	(537,873)	-32.3%
General Administration		1,033,525 3.5%	1,121,300	(87,775)	-7.8%
All Other (IMRF, Soc. Sec., Liab. Ins., etc.)		1,020,200 3.5%	1,006,768	13,432	1.3%
Washington Area Community Center		356,062 1.2%	383,375	(27,313)	-7.1%
Cemetery		149,105 0.5%	140,840	8,265	5.9%
by MAJOR EXPENSE CLASSES		% of Total			
Capital Improvements	\$	13,316,350 45.1%	\$ 9,793,224	3,523,126	36.0%
Personnel (Wages and Benefits)		8,805,290 29.8%	8,626,110	179,180	2.1%
Operations (Utilities, Supplies, etc.)		6,244,036 21.2%	6,318,746	(74,710)	-1.2%
Debt Service		1,144,004 3.9%	1,146,317	(2,313)	-0.2%

SOURCES OF MONIES TO FUND BUDGET

	\$	29,509,680	\$ 25,884,397	\$ 3,625,283	14.0%
by MAJOR REVENUE SOURCES		% of Total			
Sales Tax (Muni., HR, Use)	\$	9,354,580 31.7%	\$ 7,260,000	\$ 2,094,580	28.9%
Fund Balances/Cash Reserves		5,235,031 17.7%	4,915,780	319,251	6.5%
Sewer Revenues (Fees, Charges, etc.)		3,108,850 10.5%	3,018,526	90,324	3.0%
Water Revenues (Fees, Charges, etc.)		2,799,000 9.5%	2,658,600	140,400	5.3%
Bond/Grant/Insurance Proceeds		2,338,040 7.9%	1,858,762	479,278	25.8%
Income Tax Distribution		2,124,000 7.2%	1,840,000	284,000	15.4%
Property Taxes		1,845,869 6.3%	1,750,290	95,579	5.5%
All Other		1,634,810 5.5%	1,527,939	106,871	7.0%
Motor Fuel Taxes		662,000 2.2%	652,500	9,500	1.5%
TIF Funds		307,500 1.0%	252,000	55,500	22.0%
Telecommunications Tax		100,000 0.3%	150,000	(50,000)	-33.3%

EMPLOYMENT: FULL TIME EQUIVALENT

		% of Total			
Public Safety	32.25	44.7%	30.70	1.55	5.0%
Street Division	13.34	18.5%	13.30	0.04	0.3%
Sewer Division	10.06	13.9%	10.11	(0.05)	-0.5%
Water Division	8.64	12.0%	8.71	(0.07)	-0.8%
General Administration	4.53	6.3%	4.78	(0.25)	-5.2%
Planning/Zoning/Econ. Dev.	2.23	3.1%	2.05	0.18	8.8%
Cemetery Operation	1.15	1.6%	1.15	-	0.0%
TOTAL	72.20		70.80	1.40	1.98%

PROPERTY TAXES

Tax Levy	\$	1,878,869	\$ 1,729,290	\$ 149,579	8.6%
Tax Rate (per \$100 AV)	\$	0.53474	\$ 0.49418	\$ 0.04056	8.2%
Equalized Assessed Valuation (rate set)	\$	351,363,677	\$ 349,930,355	\$ 1,433,322	0.4%
City Share of Total Tax Bill (Avg.)		N/A	5.53%		

UTILITY RATES

Water Rates (per 1,000 gal.)	\$	4.95	\$ 4.78	\$ 0.17	3.6%
Water Fixed/Technology Fee		\$18.71/\$20.36	\$16.28/\$17.93	\$3.32/\$3.32	
Sewer Rates (per 1,000 gal.)	\$	10.31	\$ 9.96	\$ 0.35	3.5%
Sewer Fixed Fee	\$	4.20	\$ 3.09	\$ 1.11	