

Citizen Budget Review Team Executive Summary

Team Objective

The Citizens Budget Review Team was formed by alderman Diana Hauman. Alderman Hauman identified a group of civically involved citizens with a variety of backgrounds to provide feedback on budget considerations going into the FY2019 budget discussions.

Our goal was to provide citizen-generated recommendations on budget priorities for consideration by the Bloomington City Council and City Manager. We focused on items which have the potential to improve the short and long-term financial position of the City of Bloomington.

We support the general principle that city functions should break even based on their dedicated revenue sources. This includes operations, debt service, and regular capital needs. Capital needs should be met through a combination of retained revenue and coordination with private fundraising groups.

Recommendations were by consensus and do not necessarily represent the perspective of every team member.

Team Members: Donna Boelen, Mike Fitzgerald, Glen Ludwig, Tyson Mohr

Key Takeaways

The team recommends that the Council and City Manager focus on the following when making budget decisions for FY2019 and beyond.

1. *Solid Waste*: We are extremely supportive of pursuing opportunities to reduce the cost of solid waste, including outsourcing. Solid waste is handled privately in most neighboring communities. A smaller or no fleet for solid waste would reduce both the labor expenses and Public Works facility needs for fleet maintenance.
2. *Increased Community Involvement*: For special projects, make more of an effort to find qualified community volunteers, including university staff and students, prior to hiring consultants (especially out-of-town consultants).
3. *Enhanced Reporting*:
 - In monthly department reports, include actual expenditures and revenue compared to budget, with explanation of deviations. To the degree to which this is currently done, increase transparency to the Council and the public.
 - The dedicated revenue and expenses for functions paid for out of the General Fund should be clearly tracked over time to show the net balance, which will promote long-term accountability.
4. *Salaries/Benefits*: It is unsustainable to provide a 2-3% increase in employee salaries, since cost of living has increased on average only 1% since 2009. Also, we recommend the city evaluate whether health care benefits are aligned with other public and private plans. Address pension spiking as soon as possible.
5. *City Manager*: Hire Mr. Rasmussen as City Manager as soon as possible. He has shown himself willing and able to drive out the accountability described above. With a qualified internal candidate, a search is likely to be a wasted expense.

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Budget Considerations - Detail

We consider the approach in the recent budget presentation by Steve Rasmussen to be in the right direction. The Council and staff need to continue to partner to identify and evaluate potential cost saving measures. The following are additional budget considerations beyond those already discussed publicly, some organizational considerations that the team believes will improve fiscal responsibility, and our evaluation of the 13 items identified by council at the November budget retreat.

Recommended Budget Considerations

Beyond the 13 items identified by the Council, we request that Council and staff also consider the following.

Grossinger Arena: Investigate expanding the ice center, since that is a program which breaks even and is in high demand. If the facility is to remain heavily funded by taxpayers, increase its availability for use with community programs (e.g., farmer's market, West Bloomington Revitalization Program, conferences, graduations).

Salaries/Benefits: It is unsustainable to provide a 2-3% increase in employee salaries, since cost of living has increased on average only 1% since 2009. Also, we recommend the city evaluate whether health care benefits are aligned with other public and private plans. Address pension spiking as soon as possible.

Enforcement of Developer Ordinances: Chapter 24 ordinances set requirements for suburban developers. Fees are not being billed at the maximum allowable level. Council should empower Public Works to start holding developers accountable.

SOAR: Investigate if the program can be transferred to a private agency that serves people with disabilities.

Organizational Considerations

Beyond specific budget items, the team also reflected on some organizational changes which could encourage fiscal responsibility.

Reporting:

- Prioritize ongoing efforts to revisit department metrics to ensure they are based on outcomes, not activity. Link outcomes to the community benefit that drives government involvement. Make these metrics more accessible to the Council and public.
- In monthly department reports, include actual expenditures and revenue compared to budget, with explanation of deviations. To the degree to which this is currently done, increase transparency to the Council and the public. Reports should also include any significant ad hoc projects requested by council and citizens.
- Set expectations for when financial statements will be released. There is a pattern of these being provided late in recent years.
- Identify dedicated revenue sources for each program. The revenue and expenses for functions paid for out of the General Fund should be clearly tracked over time to show the net balance, which will promote long-term accountability.

Council Materials: Direct staff more frequently to present multiple (2-3) options to Council instead of only the recommended option. This reflects that the Council cannot be expected to have strong technical expertise in all subjects presented, and as such benefit from staff's evaluation of an array of possible options. Also, consider a different approach to Council materials which would encourage focusing on the most pertinent topics; the length and organization of the current material can make it challenging for council members and the public to consume.

Increased Community Involvement: For special projects, make more of an effort to find qualified community volunteers, including university staff and students, prior to hiring consultants (especially out-of-town consultants). Developing the downtown signage is one recent example.

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City Manager: Hire Mr. Rasmussen as City Manager as soon as possible. He has shown himself willing and able to drive out the accountability described above. With a qualified internal candidate, a search is likely to be a wasted expense.

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Evaluation of Items Identified at the Council Retreat

At the Council Retreat on November 4, 2017, the Council identified 13 items for possible budget reductions. Mr. Rasmussen provided a summary of staff's evaluation of these items. The following is the team's appraisal of the items and responses. We respect the staff's expertise and offer these thoughts for potential consideration, not criticism of the work already accomplished.

1. *Partnering with Other Cities:* We were unconvinced that there are not potential efficiencies which can be gained from improved coordination between Normal and Bloomington. The Bloomington Council should make a concerted effort to engage with Normal on this topic. Actions such as the recent insistence on a 50/50 split for the Small Business Development Center are contrary to this goal.
2. *Police Training Facility:* We are interested to know if any portions of the facility could be rented to more organizations to increase revenue. A private effort to raise funds could improve the aspects of the facility that are in disrepair, which would improve usability for both training and rental.
3. *Lake Bloomington:* We applaud the Water Department's efforts to reduce services in order to align expenses with revenue. The Department should continue investigate methods for long-term sustainability. Prior to hiring a consultant, attempt to identify residents with the necessary expertise who may be willing to volunteer, including the local universities.
4. *Improving Revenue Collection:* We support aggressive fee collection and Facilities outsourcing fee collection. The Water Department also should consider outsourcing collection. We also support the effort to determine a more precise estimate of uncollectable amounts to improve understanding of the fund's financial position.
5. *Cost Recovery:* We are supportive of the cost recovery methods proposed.
6. *Soft Freeze:* We agree with the thought process concerning filling staff vacancies, in particular noting that staffing decisions should prioritize fiscal responsibility over historical precedent. Concerning equipment, the fleet should be reviewed for opportunities to replace vehicles with more rentals or mileage reimbursements.
7. *Unaddressed Programs:* We agree that low priority, non-required programs should be considered for cuts. The Council should be careful not to prioritize core government functions, such as public infrastructure, below non-core functions, such as entertainment.
8. *Golf:* We support funding capital needs through private fundraising instead of city funds.
9. *Solid Waste:* We are extremely supportive of pursuing opportunities to reduce the cost of solid waste, including outsourcing. Solid waste is handled privately in most neighboring communities. A smaller or no fleet for solid waste would reduce both the labor expenses and Public Works facility needs for fleet maintenance.
10. *Parking:* Parking fees should set to be sufficient to cover both operational and capital needs.
11. *Inspection Program:* We are supportive of increasing inspections to meet the requirements set by City Code. It is reasonable to fund increased inspection costs through a business registration fee. Inspection activities could also potentially be outsourced.
12. *Divestiture of City Facilities:* The City should identify creative solutions for using Fire Station #5 for some constructive public purpose, or put it on the market.
13. *Creativity Center:* Consider if using the Creativity Center as a public space could supplement other public spaces, such as the Lincoln Leisure Center. Investigate if the Friends of the BCPA could assume full financial responsibility for the center, including the currently unfilled director position.