



**CITY OF URBANA, ILLINOIS
FINANCE DEPARTMENT**

MEMORANDUM

TO: Mayor Marlin and City Council Members

FROM: Elizabeth Hannan, Finance Director

DATE: June 8, 2017

SUBJECT: Ordinances Approving the FY2018 Annual Budget, Amending the FY2017 Annual Budget, and Increasing the Food & Beverage Tax by 0.5% to 1.5%

Introduction: Attached are three Council Bills – an Ordinance adopting the FY2018 Annual Budget, an Ordinance amending the FY2017 Annual Budget, and an Ordinance amending the City Code to increase the food and beverage tax by 0.5%, from 1% to 1.5%.

Discussion:

Background: Illinois law requires the City to adopt a budget before the beginning of the fiscal year on July 1. The proposed budget was reviewed with the City Council in meetings on May 15 and 22, and June 5. A public hearing on the budget was advertised and was held at the beginning of the June 5 meeting.

FY2018 Annual Budget: The Ordinance includes a detailed list of changes from the proposed budget provided to Council on May 15. Most of these changes are housekeeping items. Changes to note include –

- A change in the timing of purchase of defibrillator units for the Fire Department – this reduces FY17 expenditures by \$25,000 and increases FY18 expenditures by the same amount.
- Revisions to show the \$93,000 budgeted in the Retained Risk Fund as a transfer to the Capital Improvement Fund and a corresponding increase in expenditures in that fund. This will allow for this expenditure to be more easily tracked as a capital improvement project.
- Correction of data entry errors in the Public Arts and ARMS Funds.
- Revisions related to the timing of receipt of SNAP grant funds for the Market and public arts grant funds.
- A planned increase in parking meter fees in the campus area has been deferred because the University of Illinois and City of Champaign have delayed their fee increases. Rates are generally consistent throughout the campus area.

FY2017 Budget Amendment: This Ordinance amends the FY2017 estimates to conform to those included in the proposed budget, with changes detailed in the attachment. Again, most changes are housekeeping items. Significant changes include –

- Revisions related to close out of the METRO Squad Fund and the payment of funds to the Village of Rantoul, whose staff will take over administration of this program.
- Revisions related to the timing of receipt of SNAP Grant funds for the Market and public arts grant funds.

Food & Beverage Tax Increase: The proposed budget includes a one-half of one (0.5%) percent increase in the food and beverage tax, from 1% to 1.5%. This is expected to generate \$390,000 in additional revenue in the General Operating Fund. Without this additional revenue, other revenue increases or expenditure reductions would be necessary.

The food and beverage tax applies only to prepared foods for immediate consumption and alcoholic beverages. This tax is recommended, in part, because the burden will be shared with visitors to Urbana. The largest impact will be on visitors and residents who elect to dine out more often. Residents on fixed incomes may choose to avoid the tax by dining at home. The total tax rate for restaurant meals would be 10.5%. This includes the State sales tax of 6.25%, the County public safety tax of 0.25%, the County school facility tax of 1%, the Home Rule sales tax of 1.5%, and the 1.5% food and beverage tax.

Rates in other downstate cities include –

Champaign	0.5%
Danville	1%
Urbana (proposed)	1.5%
Bloomington	2%
Normal	2%
Decatur	2%
Peoria	2%

This tax was last increased in August, 2015 and the increase in the tax rate did not negatively affect food and beverage sales reported by businesses subject to the tax. This tax would be effective on August 1, allowing staff time to provide new instructions and forms to affected businesses. The administrative burden is low because both taxpayers and City staff are accustomed to the current process for reporting and collection of this tax.

Fiscal Impact: The estimated unassigned fund balance in the General Operating Fund for FY2018 will be \$4,048,025, which is 12.47% of recurring expenditures of \$32,457,071.

Recommendation: Approve the Ordinances adopting the FY2018 Annual Budget, amending the FY2017 Annual Budget, and increasing the food and beverage tax.

ORDINANCE NO. 2017-06-026

AN ORDINANCE APPROVING THE FISCAL YEAR 2017 – 2018 ANNUAL BUDGET

WHEREAS, the City of Urbana (“City”) is a home rule unit of local government pursuant to Article VII, Section 6, of the Illinois Constitution, 1970, and may exercise any power and perform any function pertaining to its government and affairs, and the passage of this Ordinance constitutes an exercise of the City’s home rule powers and functions as granted in the Illinois Constitution, 1970; and

WHEREAS, the Budget Director has compiled a proposed annual budget ordinance for the fiscal year beginning July 1, 2017, and ending June 30, 2018, in accordance with 65 ILCS 5/8-2-9.1 through and including 65 ILCS 5/8-2-9.9 and Urbana City Code Chapter 2, Article VI, Division 2; and

WHEREAS, the Mayor has made the proposed annual budget ordinance conveniently available for public inspection by publication in pamphlet form and by posting on the City’s website at least 14 days prior to a public hearing on such ordinance; and

WHEREAS, the City Council held a public hearing on the proposed annual budget ordinance at 7:00 p.m. on Monday, June 5, 2017, after due and proper notice of the availability for inspection of such ordinance and notice of such public hearing having been given by publication in *The News-Gazette*, a newspaper having a general circulation in the City, on a date at least 14 days prior to the time of the public hearing; and

WHEREAS, the City Council finds that the best interests of the City are served by approving the proposed annual budget ordinance as heretofore further changed, modified, and amended.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Urbana, Champaign County, Illinois, as follows:

Section 1.

The City of Urbana Fiscal Year 2017 – 2018 Annual Budget, a true copy of which is attached hereto and made a part hereof, be and the same is hereby passed, approved, and adopted as the annual budget ordinance of and for the City of Urbana, Champaign County, Illinois, for the fiscal year beginning July 1, 2017, and ending June 30, 2018.

Section 2.

The City Clerk is directed to publish this Ordinance in pamphlet form by authority of the corporate authorities, and this Ordinance shall be in full force and effect from and after its passage and publication in accordance with Section 1-2-4 of the Illinois Municipal Code.

This Ordinance is hereby passed by the affirmative vote, the “ayes” and “nays” being called, of a majority of the corporate authorities (5 of 8 votes) of the City of Urbana, Illinois, at a meeting of said corporate authorities.

PASSED BY THE CITY COUNCIL this ____ day of _____, _____.

AYES:

NAYS:

ABSTAINED:

Charles A. Smyth, City Clerk

APPROVED BY THE MAYOR this ____ day of _____, _____.

Diane Wolfe Marlin, Mayor

Budget Ordinance FY2017/18

	<u>Proposed Budget</u>	<u>Adopted Budget</u>	<u>Difference</u>	<u>Reason</u>
<u>GENERAL OPERATING FUND</u>				
<u>EXPENDITURES</u>				
050-1-1200-2910 FIRST AID SUPPLIES	<u>4,747</u>	<u>11,497</u>	<u>6,750</u>	Carry over from FY17, delayed expenditure - grant \$
<u>TOTAL EXPENDITURES</u>	<u>33,004,558</u>	<u>33,011,308</u>	<u>6,750</u>	
<u>ENDING FUND BALANCE (ESTIMATED)</u>	<u>4,208,109</u>	<u>4,207,524</u>	<u>(585)</u>	
RESERVED	<u>(159,499)</u>	<u>(159,499)</u>		
UNRESERVED	<u>4,048,610</u>	<u>4,048,025</u>		
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<u>CAPITAL REPLACEMENT & IMPROVEMENT FUND</u>				
<u>REVENUES</u>				
A09-0-0032-0000 TRANSFERS - OTHER FUNDS	<u>-</u>	<u>93,000</u>	<u>93,000</u>	Fire station ventilation systems - in A09
<u>TOTAL REVENUES</u>	<u>908,604</u>	<u>1,001,604</u>	<u>93,000</u>	
<u>EXPENDITURES</u>				
A09-1-0400-0374 FIRE STA DIESEL EXHAUST SYSTEM	<u>-</u>	<u>93,000</u>	<u>93,000</u>	Carry over from FY17, delayed expenditure - grant \$
<u>TOTAL EXPENDITURES</u>	<u>675,498</u>	<u>768,498</u>	<u>93,000</u>	
<u>ENDING FUND BALANCE (ESTIMATED)</u>	<u>125,742</u>	<u>125,742</u>	<u>-</u>	
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<u>VEHICLE & EQUIPMENT REPLACEMENT FUND</u>				
<u>EXPENDITURES</u>				
H09-1-0600-0074 CITY DEFIBRILATOR UNITS (GRANT)	<u>14,280</u>	<u>39,280</u>	<u>25,000</u>	Carry over from FY17
<u>TOTAL EXPENDITURES</u>	<u>946,110</u>	<u>971,110</u>	<u>25,000</u>	
<u>ENDING FUND BALANCE (ESTIMATED)</u>	<u>6,831,337</u>	<u>6,831,337</u>	<u>-</u>	
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<u>MARKET FUND</u>				
<u>REVENUES</u>				
J18-0-0084-0000 SNAP GRANT REVENUE	<u>7,500</u>	<u>-</u>	<u>(7,500)</u>	Revenue received in FY2017
<u>TOTAL REVENUES</u>	<u>106,900</u>	<u>99,400</u>	<u>(7,500)</u>	
<u>ENDING FUND BALANCE (ESTIMATED)</u>	<u>58,714</u>	<u>58,714</u>	<u>-</u>	

ARMS FUND

EXPENDITURES

L17-1-1300-3100	DATAGATE LICENSE / MAINT	-	<u>12,000</u>	<u>12,000</u>	Data entry error
<u>TOTAL EXPENDITURES</u>		<u>125,818</u>	<u>137,818</u>	<u>12,000</u>	
<u>ENDING FUND BALANCE (ESTIMATED)</u>		<u>90,293</u>	<u>78,293</u>	<u>(12,000)</u>	

PUBLIC ARTS FUND

EXPENDITURES

L19-1-1300-3015	NON-TIF ARTS GRANTS	1,000	15,500	14,500	Data entry error
L19-1-1300-3020	IACA PROGRAM	<u>1,800</u>	-	<u>(1,800)</u>	Moved to FY17 w/ new expense code
<u>TOTAL EXPENDITURES</u>		<u>12,916</u>	<u>25,616</u>	<u>12,700</u>	
<u>ENDING FUND BALANCE (ESTIMATED)</u>		<u>50,933</u>	<u>36,295</u>	<u>(14,638)</u>	

PARKING FUND

REVENUES

N09-0-0010-0017	METER REVENUE - CAMPUS ST	<u>950,000</u>	<u>760,000</u>	<u>(190,000)</u>	Revenue increase deferred
<u>TOTAL REVENUES</u>		<u>1,607,500</u>	<u>1,417,500</u>	<u>(190,000)</u>	
<u>ENDING FUND BALANCE (ESTIMATED)</u>		<u>975,054</u>	<u>785,054</u>	<u>(190,000)</u>	

ORDINANCE NO. 2017-06-027

**AN ORDINANCE REVISING THE ANNUAL BUDGET ORDINANCE FOR FY2016/17
(Fiscal Year 2016/17 Estimates)**

WHEREAS, the Annual Budget Ordinance of and for the City of Urbana, Champaign County, Illinois, for the fiscal year beginning July 1, 2016, and ending June 30, 2017, (the “Annual Budget Ordinance”) has been duly adopted according to Sections 8-2-9.1 et seq. of the Illinois Municipal Code (the “Municipal Code”) and Division 2, entitled “Budget”, of Article VI, entitled “Finances and Purchases”, of Chapter 2, entitled “Administration”, of the Code of Ordinances, City of Urbana, Illinois (the “City Code”); and

WHEREAS, the City Council of the said City of Urbana finds it necessary to revise said Annual Budget Ordinance by deleting, adding to, changing or creating sub-classes within object classes and object classes themselves; and

WHEREAS, funds are available to effectuate the purpose of such revision; and

WHEREAS, such revision is not one that may be made by the Budget Director under the authority so delegated to the Budget Director pursuant to section 8-2-9.6 of the Municipal Code and section 2-133 of the City Code.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Urbana, Champaign County, Illinois, as follows:

Section 1.

That the Annual Budget for FY2016/17, as revised, is hereby revised to provide as outlined in the attached Exhibit A.

Section 2.

This Ordinance shall be in full force and effect from and after its passage and publication in accordance with Section 1-2-4 of the Illinois Municipal Code.

This Ordinance is hereby passed by the affirmative vote, the “ayes” and “nays” being called, of two-thirds of the corporate authorities then holding office (6 of 8 votes) of the City of Urbana, Illinois, at a meeting of the corporate authorities.

PASSED BY THE CITY COUNCIL this ____ day of _____, _____.

AYES:

NAYS:

ABSTAINED:

Charles A. Smyth, City Clerk

APPROVED BY THE MAYOR this ____ day of _____, _____.

Diane Wolfe Marlin, Mayor

Budget Amendment FY2016/17

		FY17 Estimate - Proposed Budget	FY17 Estimate - Adopted Budget	Difference	Reason
<u>GENERAL OPERATING FUND</u>					
<u>EXPENDITURES</u>					
045-2-1100-1801	PSEBA BENEFITS	24,906	25,491	585	Revised estimate - PSEBA benefits
050-1-1200-2910	FIRST AID SUPPLIES	11,450	4,700	(6,750)	Delayed expenditure
<u>TOTAL EXPENDITURES</u>		<u>39,887,250</u>	<u>39,881,085</u>	<u>(6,165)</u>	
<u>ENDING FUND BALANCE (ESTIMATED)</u>		<u>3,815,693</u>	<u>3,821,858</u>	<u>6,165</u>	
	RESERVED	<u>(159,499)</u>	<u>(159,499)</u>		
	UNRESERVED	<u>3,656,194</u>	<u>3,662,359</u>		

VEHICLE & EQUIPMENT REPLACEMENT FUND

<u>EXPENDITURES</u>					
H09-1-0600-0074	CITY DEFIB UNITS (GRANT)	25,000	-	(25,000)	Delayed expenditure - grant
<u>TOTAL EXPENDITURES</u>		<u>1,835,220</u>	<u>1,810,220</u>	<u>(25,000)</u>	
<u>ENDING FUND BALANCE (ESTIMATED)</u>		<u>6,203,073</u>	<u>6,228,073</u>	<u>25,000</u>	

METRO SQUAD FUND

<u>REVENUES</u>						
H14-0-0018-0000	METRO AGENCY CONTRIBUTIONS	20,000	18,812	(1,188)	} Close fund and transfer responsibility to Village of Rantoul	
H14-0-0130-0000	INTEREST	500	145	(355)		
<u>TOTAL REVENUES</u>		<u>25,500</u>	<u>23,957</u>	<u>(1,543)</u>		
<u>EXPENDITURES</u>						
H14-1-0500-0034	METRO SQUAD COSTS	39,933	38,390	(1,543)		
<u>TOTAL EXPENDITURES</u>		<u>39,933</u>	<u>38,390</u>	<u>(1,543)</u>		
<u>ENDING FUND BALANCE (ESTIMATED)</u>		<u>-</u>	<u>-</u>	<u>-</u>		

MARKET FUND

<u>REVENUES</u>					
J18-0-0084-0000	SNAP GRANT REVENUE	9,862	17,362	7,500	Revenue received prior to 6/30/17
<u>TOTAL REVENUES</u>		<u>114,562</u>	<u>122,062</u>	<u>7,500</u>	
<u>ENDING FUND BALANCE (ESTIMATED)</u>		<u>85,392</u>	<u>92,892</u>	<u>7,500</u>	

PUBLIC ARTS FUND

EXPENDITURES

L19-1-2200-1200	IACA INTERN	1,200	3,000	1,800	Revise timing of expense
L19-1-2200-1855	FICA (IACA INTERN)	<u>92</u>	<u>230</u>	<u>138</u>	Revise timing of expense
<u>TOTAL EXPENDITURES</u>		<u>81,514</u>	<u>83,452</u>	<u>1,938</u>	
<u>ENDING FUND BALANCE (ESTIMATED)</u>		<u>60,549</u>	<u>58,611</u>	<u>(1,938)</u>	

ORDINANCE NO. 2017-06-028

AN ORDINANCE AMENDING URBANA CITY CODE CHAPTER 22-91

(Food and Liquor Tax)

WHEREAS, the City of Urbana (“City”) is a home rule unit of local government pursuant to Article VII, Section 6, of the Illinois Constitution, 1970, and may exercise any power and perform any function pertaining to its government and affairs, including the power to tax; and

WHEREAS, the City Council heretofore did enact Urbana City Code Section 22-91 to levy and impose a tax upon the privilege of purchasing prepared food items for immediate consumption and alcoholic liquor, exclusive of any other tax charged for such food items or alcoholic liquor; and

WHEREAS, the City Council, after due consideration, finds that the fiscal needs of the City require an increase in the rate of that tax as provided herein.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1.

Urbana City Code Chapter 22, “Taxation,” Article VII, “Privilege Tax on Purchase of Prepared Food for Immediate Consumption and Certain Alcoholic Liquor,” Section 22-91, “Tax,” subsection (a), is hereby amended and as amended shall read as follows:

Sec. 22-91. - Tax.

- (a) A tax, in addition to all other taxes, is hereby levied and imposed upon the privilege of purchasing prepared food items for immediate consumption or alcoholic liquor at the rate of one and one-half (1½) percent of the purchase price, exclusive of any other tax, charged for such food or alcoholic liquor.

Section 2.

Those sections, paragraphs, and provisions of the Urbana City Code that are not expressly amended or repealed by this Ordinance are hereby re-enacted, and it is expressly declared to be the intention of this Ordinance not to repeal or amend any portions of the Urbana City Code other than those expressly set forth as amended or repealed in this Ordinance. The invalidity of any section or provision of this Ordinance hereby passed and approved shall not invalidate other sections or provisions thereof.

Section 3.

This Ordinance shall not be construed to affect any suit or proceeding pending in any court, or any rights acquired, or a liability incurred, or any cause or causes of action acquired or existing prior to

the effective date of this Ordinance; nor shall any right or remedy of any character be lost, impaired, or affected by this Ordinance.

Section 4.

The City Clerk is directed to publish this Ordinance in pamphlet form by authority of the corporate authorities, and this Ordinance shall be in full force and effect from and after its passage and publication in accordance with Section 1-2-4 of the Illinois Municipal Code or on August 1, 2017, whichever occurs later.

This Ordinance is hereby passed by the affirmative vote, the “ayes” and “nays” being called, of a majority of the members of the Council of the City of Urbana, Illinois, at a meeting of said Council.

PASSED BY THE CITY COUNCIL this ____ day of _____, _____.

AYES:

NAYS:

ABSTAINED:

Charles A. Smyth, City Clerk

APPROVED BY THE MAYOR this ____ day of _____, _____.

Diane Wolfe Marlin, Mayor