

To the Citizens of the City of Rockford:

On behalf of the City Council and our dedicated staff, I am proud to present to our citizens the 2008 City of Rockford budget. This budget, as proposed and approved, sets forth the City's continued commitment to provide the highest level of services to our residents, our businesses, and our visitors.

It is our intent, through responsible fiscal management, to provide for our citizens the opportunity to reside and do business in a strong and healthy community; a community that provides safe neighborhoods, strong schools, and a sound infrastructure that invites investment and economic development.

As we work to build a stronger Rockford, we do so with the understanding **that “Excellence Everywhere for Everyone”** is the goal we must achieve. Whether it is through the elimination of property taxes as a funding source for capital improvements or finding more efficient means of delivering city services through the accountability and analysis program “Rockstat” excellence shall always remain in sight.

Thank you,

Lawrence J. Morrissey  
Mayor  
City of Rockford

## **Executive Summary**

The planning for the 2008 budget began with a retreat for elected officials and department heads in August. Elected officials were updated regularly on the status of the City's finances, specifically in regards to elastic revenues. The budget was prepared with the following goals in mind: maintain current staffing and service levels and continue the capital equipment replacement program. With the above principles, we were able to strategically prioritize resources and approve a balanced budget.

### ***Issues and Priorities in 2008***

The services provided by the City are made possible by the resources entrusted to it by the citizens and businesses of Rockford. Elected officials and City staffs are dedicated to using these resources to provide the community with the most efficient and effective services possible. The budget details how resources will be used to maintain and enhance the quality of existing services. Several principles have been established to guide the City during the budget process, including:

- ◆ Planning for the future, setting long-term goals, and providing a sense of direction to the community.
- ◆ Providing economic development efforts in order to retain and expand jobs and investment in the community.
- ◆ Renovating and improving City infrastructure to meet the needs and encouraging development of the commercial, industrial, and residential areas within the City.
- ◆ Providing efficient and effective City services with the resources allocated by the community.
- ◆ Actively search for additional sources of revenue to help fund the redevelopment of neighborhoods in the City of Rockford.

City officials use these objectives to guide their internal organizational decision making process. However, officials must also consider opportunities and challenges presented by the external environment during the development of the budget. Some of the issues the City will focus on in the forthcoming budget year include:

- ◆ Improving the quality of life for residents of the City's older neighborhoods.
- ◆ Investing in the downtown area and encouraging others to develop commercial and residential projects.
- ◆ Continuing investments in information technology to provide improvements in the effectiveness and efficiency of City services.

- ◆ Maintaining the City's solid financial condition.
- ◆ Maintaining a stable tax rate.
- ◆ Making incremental service adjustments to reflect changing community needs.

### ***Challenges for the Community***

While the national economy is showing signs of recovery, the local economic environment and the impact it has on the City's available revenue continues to present a challenge. The City must continue to carefully balance its priorities in order to maintain the quality of services and public infrastructure. Further stagnation in revenues will require the City to reassess the services it provides and make adjustments to maintain a balanced budget.

Financial challenges in upcoming years include fully funding capital equipment as part of the City's annual budget. After not purchasing capital equipment in 2002 and 2003, the City issued \$3.2 million in bonds to cover capital equipment purchases for 2004 and 2005. The 2007 budget addressed capital equipment through various fund revenues and capital project needs through an approved 1% sales tax referendum.

### ***The 2008 General Fund***

The City of Rockford, like many other communities in Illinois and across the United States, has seen moderate growth in its sales, use, income, and replacement taxes, commonly referred to as elastic revenues. These revenue sources increased just over \$4.3 million, or about 8.5%, in 2007.

The 2007 budget process began with the City projecting a large deficit. Over \$3 million in budget reductions were made at the staff level, before the budget was presented in December. Savings were found in every department to keep expenditures down, and improved revenue performance increased revenue projections for the year. A balanced budget was presented which accomplished the priorities of continuing the 2004-2007 capital equipment program, projecting a stable property tax rate, and maintaining existing services.

2008 employee contracts, pensions and health insurance costs make up the largest increases in the budget. The proposed budget included an increase in staff of 6.5 FTE, including a truancy clerk in Legal and additions (6.0) in Library to staff the new Barnes and Noble location.

The City Council passed the 2008 budget in March. This budget allows the City to maintain the necessary fund and cash balances as well as allowing the 2008 budget process to begin on a sound financial footing.

## ***Overview of the 2008 Budget***

The City of Rockford is similar to many municipalities because it has limited resources to devote to the various challenges facing it. However, because Rockford is a non-home rule municipality, we have fewer options than all other cities in Illinois of any size. This was particularly apparent when preparing the budget for 2008. Resource constraints forced City officials to assess the external environment and utilize the budget development principles described above to prioritize among competing needs. The overall goal of this budget is to maintain existing services; however, City officials prioritized several projects to address the issues discussed above. Consistent with a maintenance budget, many of these priorities are a continuation of initiatives from previous years.

The Community Development Department will manage the many TIF districts the City has and their associated development projects. The formation of the new Code Enforcement Division combines resources from the Building and Public Works Departments with the existing Neighborhood Standards Division. This program approach to code enforcement will take a comprehensive, aggressive approach against code violators at little additional cost.

The Human Services Department continues programs transferred from other areas of the City, including Drug Free, Shelter Care, and Supportive Housing.

The Police Department will address recruit testing in 2008 for the department. They will continue efforts towards community policing, using their records management system to better deploy resources and respond to potential problems while continuing to reduce overtime costs.

The Fire Department will address future equipment needs and develop a plan for capital expenditures. They will continue working towards International Accreditation.

The Legal Department will be the lead department in labor negotiations, code enforcement, annexation efforts, and City projects.

The Public Works Department will be aggressive in repairing and improving bridges and roads in the City.

## ***Financial Summary***

With the 2008 budget, the City was able to continue its goal of maintaining a stable property tax rate for citizens. The 2008 budget adopted a property tax rate of \$2.53.

The improved bond rating that was received in a prior year helps the City maintain property tax rate stability. The improvement means lower interest rates for current and future bond issues and the ability to pass those savings on to the taxpayer. There were two bond sales in 2007.

The first issue included \$23 million for Metro Centre improvements as well as refunding outstanding Coronado Theatre debt. The second issue, \$8.75 million, included \$3.5 million for the water rehabilitation project, \$1.1 million for Preston Central TIF economic development, \$1.1 million in sewer improvements, and \$3.05 million in library improvements. In 2008, a bond sale for \$12.15 million is planned, which includes \$1.1 million for Global Park TIF development, \$200,000 for Jackson Park TIF development, \$1.85 million for acquisition of the State and Main Parking Deck as well as pay station equipment, and \$9.0 million for water system rehabilitation.

In addition to financing capital improvements by issuing bonds, the City will continue to utilize dedicated revenue streams for specific purpose projects. Examples of these projects include sanitary sewers, parking facilities, and water improvements. This allows the City to maintain a competitive tax rate, while capturing contributions from those in the community who live outside of the City but use its resources on a regular basis. Dedicated revenue streams also ensure that users pay for the services they receive.

### ***Operational Highlights***

The City's service provision efforts are divided into five program areas including Legislative and Management, Community Development, Human Services, Public Safety, and Public Works. Each of these areas encompasses multiple departments performing specialized activities that collectively compose the functions associated with the program area.

The Legislative and Management departments provide policy direction and administrative services for the rest of the municipal organization. The departments in this area will be engaged in many projects to enhance the operational effectiveness and efficiency of the City. The Mayor's Office will continue to provide leadership and direction to City staff and policy makers. The Legal Department will be the lead department in labor negotiations, code enforcement, annexation efforts, acquisition of properties for the federal courthouse, and City projects. The Information Technology Department will handle a number of large projects, including the acquisition and implementation of a customer service system.

Several activities and projects will be occurring in the Community Development program area. The department will assist in the development of a comprehensive economic development strategy for the City and Winnebago County. The Weed and Seed program will also be continued in 2008.

The City's Human Services Department will remain an important resource to City residents in the coming year. The Head Start program serves approximately 590 children in four different programs which include home base schooling, part day classes, students in full day classes, and family plus. The Department plans to continue this service despite federal funding challenges.

There are a variety of programs that provide assistance to economically disadvantaged families. The energy program focuses on replacing furnaces, cleaning and tuning older

systems, and repairs to electrical, plumbing, and roofing. The department operates the energy assistance program that assists low-income families and individuals with their heating bills.

Public Safety services provided by the City include police and fire protection. The Police Department is utilizing their new records management system to better analyze crime data and allocate resources. The Fire Department continues to upgrade equipment and train its firefighters to better serve the citizens of Rockford. The two departments will continue to develop their new role at the airport. The City is maintaining an Insurance Services Organization (ISO) fire protection rating of two, which places the City in the top one percent of the nation. A lower rating benefits residents and businesses through better rates for fire insurance. In addition, the Fire Department is continuing its certification program.

The Public Works Department will also be active in repairing and improving bridges and roads in the City.

### ***Conclusion***

On March 10, 2008, the City Council adopted the 2008 budget after the Finance and Personnel Committee had finished its review of the proposal. This budget is the result of considerable, careful discussion and deliberation by the City Council, the Finance and Personnel Committee, the Finance Department, and various staff members from every department who contributed to the development of departmental budget requests. I would like to thank them, as well as department heads and staff members, for participating in this important process. This budget serves the public interest in describing and providing the resources for the provision of City services and products to its customers.