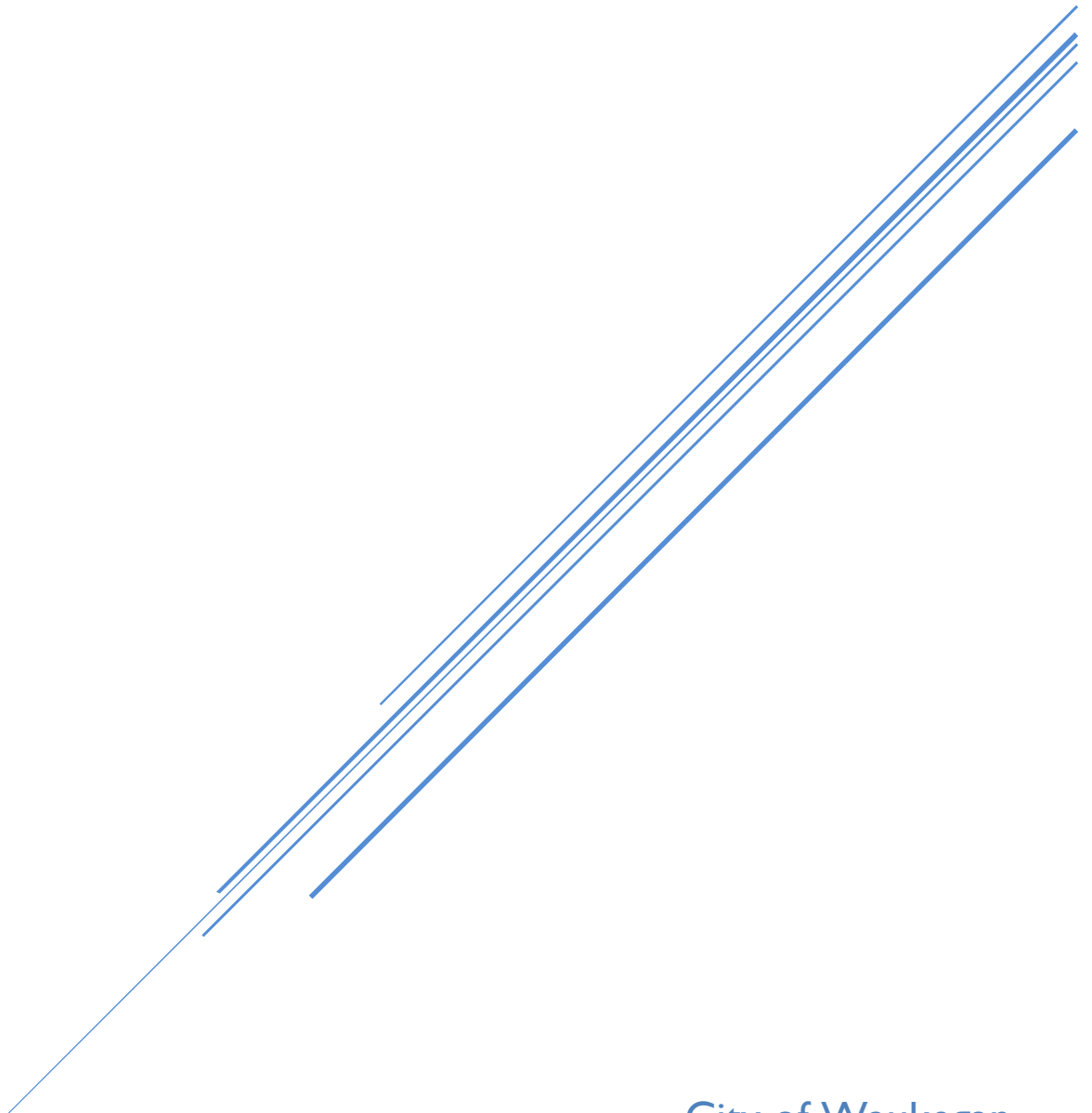


# EXECUTIVE OVERVIEW

May 1, 2017 – April 30, 2018



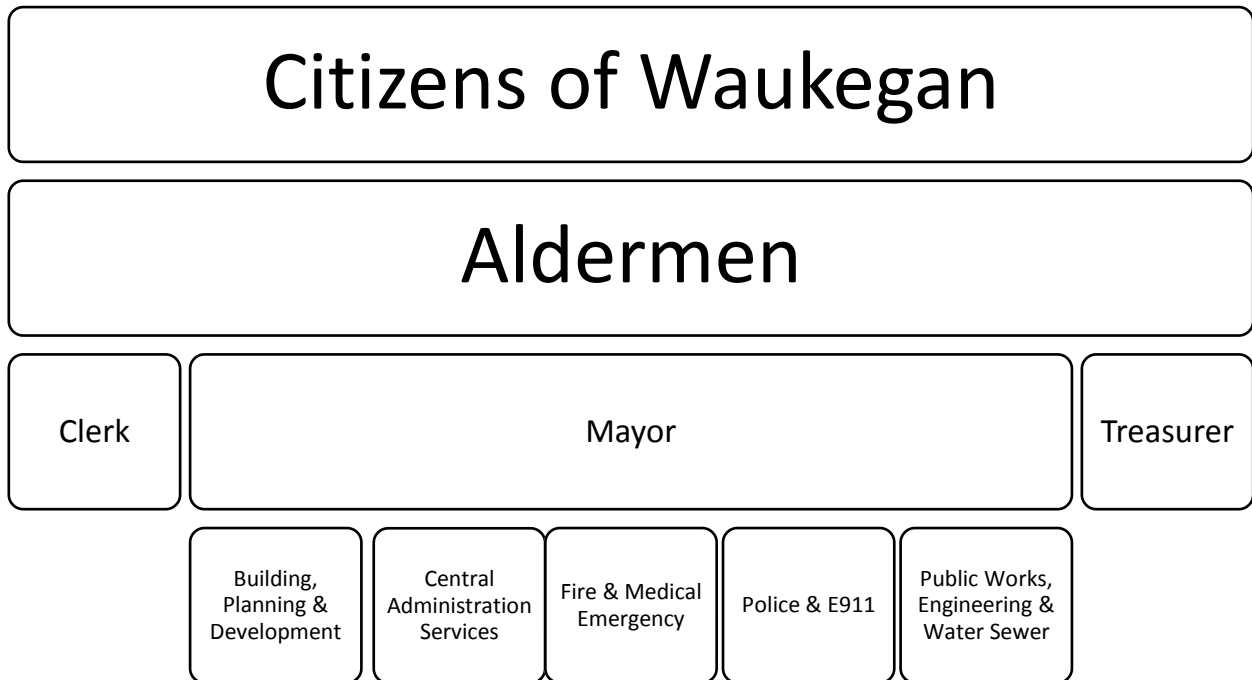
City of Waukegan  
Proposed Budget

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## INTRODUCTION

Waukegan is a full-service municipal government with a full-time elected Mayor and nine Aldermen elected to represent wards. The City Clerk and City Treasurer are also elected. The city provides police, fire, emergency dispatch, and public works services to its residents, as well as maintaining a water plant and providing other important municipal services such as code enforcement and economic development. City government is divided among five functional areas: Building, Planning & Development; Central Administrative Services; Fire & Medical Emergency; Police & Emergency Dispatch; and Public Works, Engineering, Water & Sewer.



Waukegan, first visited by Pere Marquette in 1673, is one of the oldest communities in Illinois. The city started as a French trading post and Potawatomi Indian settlement known as "Little Fort". Little Fort, which changed its name to Waukegan in 1859 (the Potawatomi word for "fort" or "trading post"), had a population of 2,500. At the time of incorporation, the town covered an area of 5.62 square miles. Today, the City of Waukegan has a population of over 90,000 and encompasses a total area approximately 25 square miles. The city is the ninth-largest city in Illinois by population, and is the fifth-largest city on the western shore of Lake Michigan after Chicago, Milwaukee, Green Bay and Kenosha.

## **BUDGET PROCESS**

This budget document is the result of the city’s financial and operational planning process. The budget serves as a guide for implementing those plans for the May 1<sup>st</sup> to April 30<sup>th</sup> fiscal year. By submitting this document to the public, Aldermen, and other city stakeholders in advance of public hearings it is the Administration’s goal to further the planning process by shaping the city’s goals and objectives in a time of strained resources. All budget requests are made with the city’s mission and core values in mind.

The budget was developed as a “bottom-up” process. The Finance Department projects revenues and fund balances available in the upcoming year to determine “bottom line” for resources. Assumptions including debt service payments, pension obligations, and personnel costs were prepared. Individual departments are responsible for assessing current conditions, programs, and needs. Meetings were held with department heads to discuss major operational changes, objectives and project requests. Every effort is made to combine requests across departments and accomplish their goals more efficiently. In conjunction with department heads the Mayor’s office cuts unjustified items from the budget.

### **FUND STRUCTURE**

The city budgets based upon Governmental Accounting Standards Board (GASB) guidelines. The city uses fund accounting to demonstrate compliance with finance-related and legal requirements. All of the city’s funds may be divided into seven categories: General Fund, Special Revenue Funds, Enterprise Funds, Capital Funds, Debt Service Funds, Internal Service Funds, and Fiduciary Funds.

The General Fund accounts for the majority of the city’s day-to-day operations and is, therefore, a significant section of this budget document. Special Revenue Funds are used to account for programs funded from specific and legally restricted financing such as grants and tax increment financing. Enterprise Funds are used to report the business-type activities the city engages in and are services intended to pay for themselves. This includes the city’s water operations and parking garage. Internal Service Funds allow the city to pay insurance claims or premiums promptly and then charge-back to the appropriate fund on a monthly basis. Fiduciary Funds are used to account for resources held for the benefit of parties outside the government.

All of the funds included in this budget proposal are appropriated by the City Council. Each fund type is presented in its own section of this document. The reader is encouraged to read

each section in order to obtain a full understanding of the city's budgetary plan for the upcoming fiscal year.

#### ACCOUNT NUMBERS

The account numbers used by the City of Waukegan identify the fund from which the expenditures come, the department making the expenditure, and the type of expense.

Account numbers look like this: 100-301925469

- The first three digits indicate to which fund the expenditure is charged. In this example **100**-301925469, **100** indicates the General Fund.
- The next number indicates the Agency generating the expense. In this example 100-**3**01925469, **3** is the Fire Department.
- The following three digits indicate the division generating the expense. In this example 100-3**019**25469, **019** is Fire Suppression.
- The sub-account is then indicated by the subsequent two numbers. In this example 100-3019**25**469, **25** is Commodities.
- The last three digits delineate the object. In this example 100-301925**469**, **469** is Uniforms expense.

Detailed listings of account numbers and the proposed funding allocated to those line items are provided in the ***Appendix*** to this report.

## FINANCIAL OVERVIEW

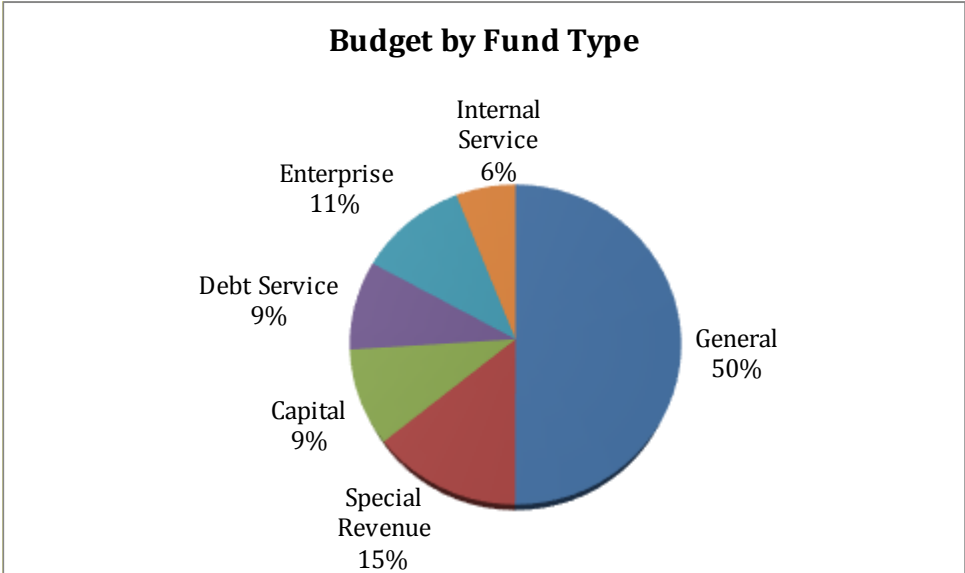
The revenues, expenditures, and net transfers between funds are shown below. More detailed information is provided in the various **Funds** sections of this report. Since the Fiduciary Funds are not included in the city's operational plan and account for the assets held by the Police Fire Pension plans and well as Stabilization (Rainy Day) Fund, they are excluded from the city's operating budget. The operating budget for FY18 has total revenues of \$122.2 million, expenditures of \$126.5 million, net transfers of \$1.7 million with a resulting deficit of \$2.6 million.

Fund	Revenues	Expenditures	Net Surplus / (Deficit)	Transfers In	Transfers Out	Net Surplus / (Deficit) after Transfers
General	\$ 68,549,000	\$ (74,049,000)	\$ (5,500,000)	\$ 2,500,000	\$ -	\$ (3,000,000)
Special Revenue	18,999,000	(18,397,000)	602,000	100,000	(1,165,000)	(463,000)
Capital	-	(1,200,000)	(1,200,000)	-	-	(1,200,000)
Debt Service	10,652,000	(11,817,000)	(1,165,000)	1,165,000	-	-
Enterprise	15,024,000	(12,024,000)	3,000,000	-	-	3,000,000
Internal Service	8,983,000	(8,983,000)	-	-	(900,000)	(900,000)
<b>TOTAL</b>	<b>\$ 122,207,000</b>	<b>\$ (126,470,000)</b>	<b>\$ (4,263,000)</b>	<b>\$ 3,765,000</b>	<b>\$ (2,065,000)</b>	<b>\$ (2,563,000)</b>

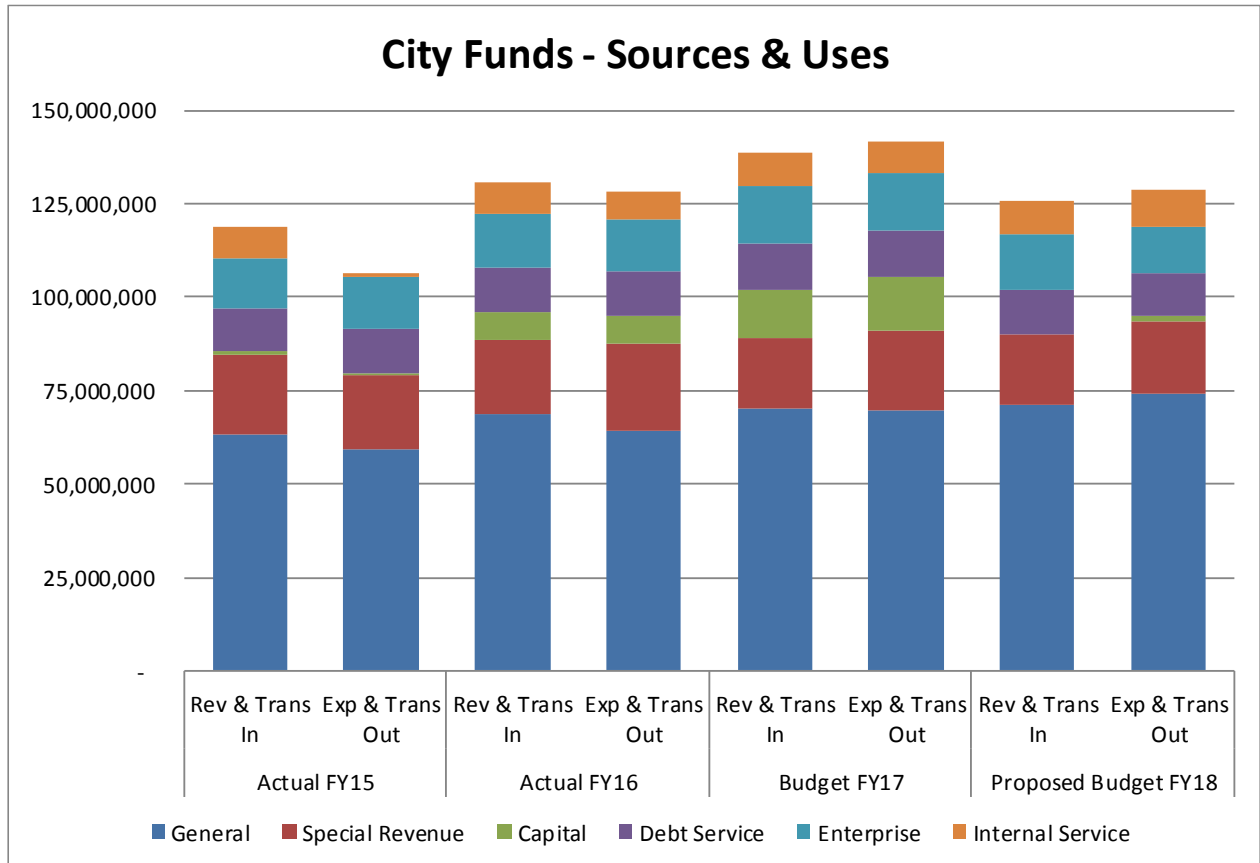
While the city is prohibited from utilizing Fiduciary Funds as part of our day-to-day operations, the city does include the amounts in the annual appropriation. The all funds' budget for FY18 has total revenues of \$152.1 million, expenditures of \$139.8 million, net transfers of -0- million with a resulting surplus of \$12.2 million. The upcoming year does include permanent transfers out of the Stabilization (Rainy Day) Fund. Additional information regarding the transfers may be found in the **General Fund, Special Revenue Funds** and the **Fiduciary Funds** sections of this report. The following table includes the total of City Funds along with Fiduciary Funds:

Fund	Revenues	Expenditures	Net Surplus / (Deficit)	Transfers In	Transfers Out	Net Surplus / (Deficit) after Transfers
City Funds	\$ 122,207,000	\$ (126,470,000)	\$ (4,263,000)	\$ 3,765,000	\$ (2,065,000)	\$ (2,563,000)
Fiduciary Funds	29,882,000	(13,372,000)	16,510,000	900,000	(2,600,000)	14,810,000
<b>TOTAL</b>	<b>\$ 152,089,000</b>	<b>\$ (139,842,000)</b>	<b>\$ 12,247,000</b>	<b>\$ 4,665,000</b>	<b>\$ (4,665,000)</b>	<b>\$ 12,247,000</b>

The General Fund is the largest fund in the annual budget with 58% of total expenditures and transfers out not including Fiduciary Funds. The Special Revenue Funds have increased their overall percentage of the total budget in the past few years. Efforts in obtaining federal grant monies for various programs and earmarking tax dollars for specific purposes such as TIF development has driven the Special Revenue Funds to 15% of the budget excluding Fiduciary Funds. The Capital Funds fluctuate from year-to-year depending on large-scale projects being funded by the city. As currently proposed, the Capital Funds will account for 9% of the overall budget related to bond-financed infrastructure and property acquisition projects under consideration. The Debt Service, Enterprise, and Internal Service Funds, have stayed relatively consistent as a percentage of the total budget over the same time period, rounding out the remaining 26% of the total budget excluding Fiduciary Funds.



Total annual revenues and transfers-in, excluding Fiduciary Funds, have grown from \$119 million to \$126 million, a 6% increase from FY15 to the FY18 budget. Total expenditures and transfers out have grown from \$106 million to \$129 million, an increase of 21%, for the same time period.





## DEPARTMENT DESCRIPTIONS

### CENTRAL SERVICES

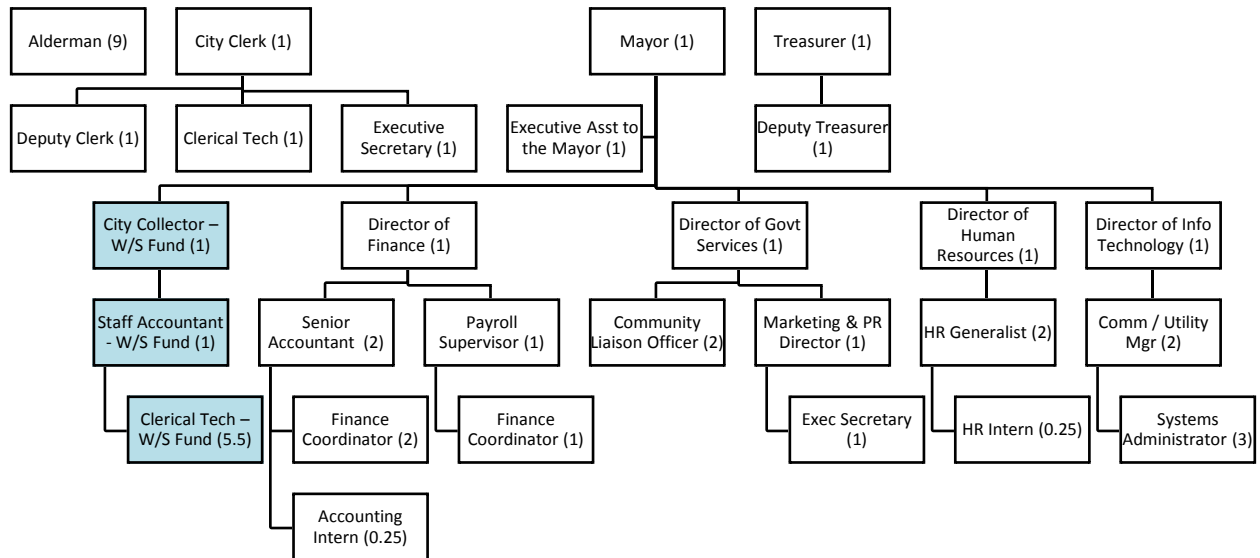
Central Services provides a direct link between Waukegan residents and the elected officials. Central Services includes elected officials and administrative support departments.

The City Council is comprised of nine aldermen representing nine wards of the city. The aldermen are elected by ward basis for four-year terms. The work of the City Council is shared by seven committees: Judiciary, Finance, Public Safety, Public Works, Insurance, Labor Relations, and Economic Development. Ad hoc committees are appointed on occasion for issues that merit particular attention. The Mayor is elected on an at-large basis for a four-year term. As head of the local governmental unit the Mayor serves as the Chief Executive Officer of the city. The staff of the Mayor's Office is responsible for legislative matters, program and policy implementation, public relations, marketing, special events and community outreach. The City Clerk administers federal, state, and local procedures through which local government representatives are selected. The Clerk is elected on an at-large basis for a four-year term. As the key staff for City Council meetings the Clerk prepares the legislative agenda, verifies legal notices have been posted or published, and completes the necessary arrangements to ensure an effective meeting. The City Treasurer is responsible for the recording of all banks and cash deposits, management of the city investment program, and administering and documenting the city's cash management program. The City Treasurer is elected on an at-large basis for a four-year term.

City Collections handles billing and collection of user fees charged to the city's residential and commercial water / sewer customers, administers the billing and collecting for business and rental licenses. The Finance Department maintains financial records in compliance with state and federal standards; handles miscellaneous accounts receivables and locally collected taxes; administers vendor and payroll payments; develops and maintains budgets for financial planning; is responsible for long-term debt management and structuring capital financing; and, coordinates property, workers' compensation, general liability insurance coverage. Human Resources provides competent, courteous, and professional assistance to all city employees, administers employee benefits and changes in employment status, maintains accurate and confidential records, ensures compliance with city policies and employment and benefit laws, and interacts with the larger community in the area of recruitment and hiring. The Information Technology Department provides functional, reliable, secure information systems of the highest quality for the city's employees and residents; and works to ensure that the input, processing, output, storage, and control of the city's various computerized systems provide end users with timely and useful information.

## Organizational Chart

The following organization chart shows 46 budgeted full time equivalent positions (FTE) within the Central Services cost center for FY18. If the FTE is not funded from the General Fund, the position is shaded and the Fund is noted. This reflects a net decrease of 3.5 FTEs from the FY17 budget. Further detail on the headcount may be found in the **General Fund** and **Enterprise Fund** sections of this report.



## **BUILDING, CDBG AND PLANNING**

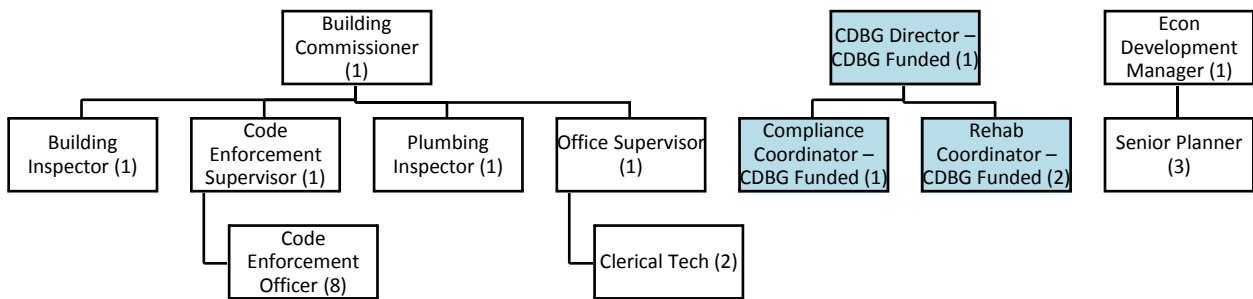
The Building Division is responsible for plan review and construction inspection for residential, commercial, and industrial properties within the City of Waukegan. The Building Department also handles code compliance regarding various regulations including the BOCA Property Maintenance Code, Sign Ordinance, and Zoning Ordinance, etc. This division also oversees the Rental Inspection Program.

The Community Development Block Grant (CDBG) program provides financial assistance to eligible property owners and organizations. Block grant funds are not part of the city's property tax levy, but rather federal dollars used to provide decent housing, a suitable living environment, and expanded economic opportunities – principally for low and moderate-income persons in the community. The funds allocated to the City of Waukegan are based on a formula devised by Congress; therefore, the total funds available vary each year.

The Planning and Development Department reviews and provides recommendations on all land use matters presented to various city committees. The department reviews development plans for compliance with various city ordinances, including subdivision, landscaping and zoning, and works to implement the Downtown-Lakefront Master Plan.

## Organizational Chart

The following organization charts show 23 budgeted full time equivalent positions (FTE) within the Building, CDBG, and Planning cost centers for FY18. If the FTE is not funded from the General Fund, the position is shaded and the Fund is noted. This reflects a net increase of 1 FTE from the FY17 budget. Further detail on the headcount may be found in the **General Fund** and **Special Revenue Fund** sections of this report.



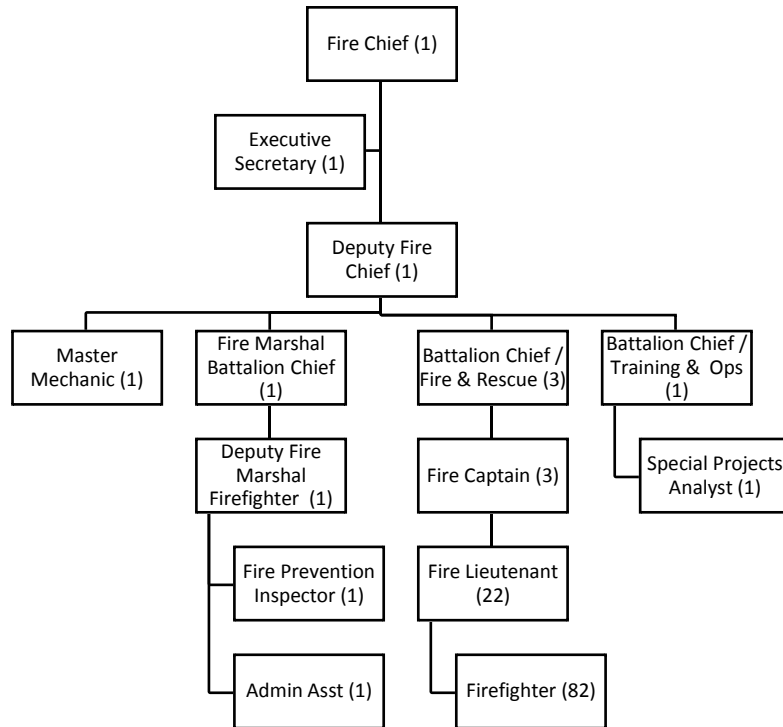
## **FIRE DEPARTMENT**

The Waukegan Fire Department serves to safeguard the lives and property of the citizens of Waukegan through professionalism, dedication to duty, integrity and training. The department strives to enhance lives and foster economic growth through leadership, management and actions as an all-encompassing, life safety, response provider. The department seeks to effectively manage the resources of the department, develop a system to minimize impacts of disasters and other life safety emergencies, provide an effective emergency medical services system, provides public education to all residents, and provide an effective Fire Prevention Bureau.

The Fire Prevention Bureau completes multiple fire/life safety inspections and conducts many plan reviews on an annual basis. The Waukegan Fire Department responds to over 10,000 calls annually, including emergency medical services (EMS), fire, and rescue calls. The Training Division, EMS system, and staff officer conduct or provide oversight on training of personnel. There are numerous program managers who are responsible for the maintenance of the fire stations, apparatus, and equipment. The Department continues to conduct training with neighboring fire/rescue agencies to improve public safety in our multi-jurisdictional (mutual aid) Automatic Response Areas.

## Organizational Chart

The following organization chart shows 120 budgeted full time equivalent positions (FTE) within the Fire Department for FY18, which is no change from the FY17 budget. Further detail on the headcount may be found in the **General Fund** sections of this report.



## **POLICE DEPARTMENT**

The Waukegan Police Department's primary mission is to serve the community by protecting life and property, preventing crime, enforcing laws, and by maintaining order for all citizens. Central to the department's mission are the values that guide their work and the decisions that help us contribute to the quality of life in Waukegan.

The Waukegan Police Department is composed of the following organizational units: Patrol Division, Investigations Division, Traffic & Records Division, Neighborhood Policing Division, Communications Division, and the Office of Professional Standards.

The Patrol Division provides 24-hour police protection throughout the city and is divided into four platoons of uniformed officers responsible for responding to both emergency (911) calls and non-emergency calls for service. These officers are responsible for conducting preliminary investigations and coordinating with other units within the police department and other city departments with the purpose of aiding our community.

The Investigations Division handles comprehensive investigations that are beyond the scope of the first responder assigned to the Patrol Division. These investigations include: homicide, robbery, criminal sexual assault, burglary, and gang & drug investigations, and offender registry. The Investigations Division is also tasked with disseminating information on criminal activity and crime patterns to department personnel.

The Traffic & Records Division provides support for the daily operations of the department, as well as assisting the public in obtaining the services that the agency provides on a daily basis.

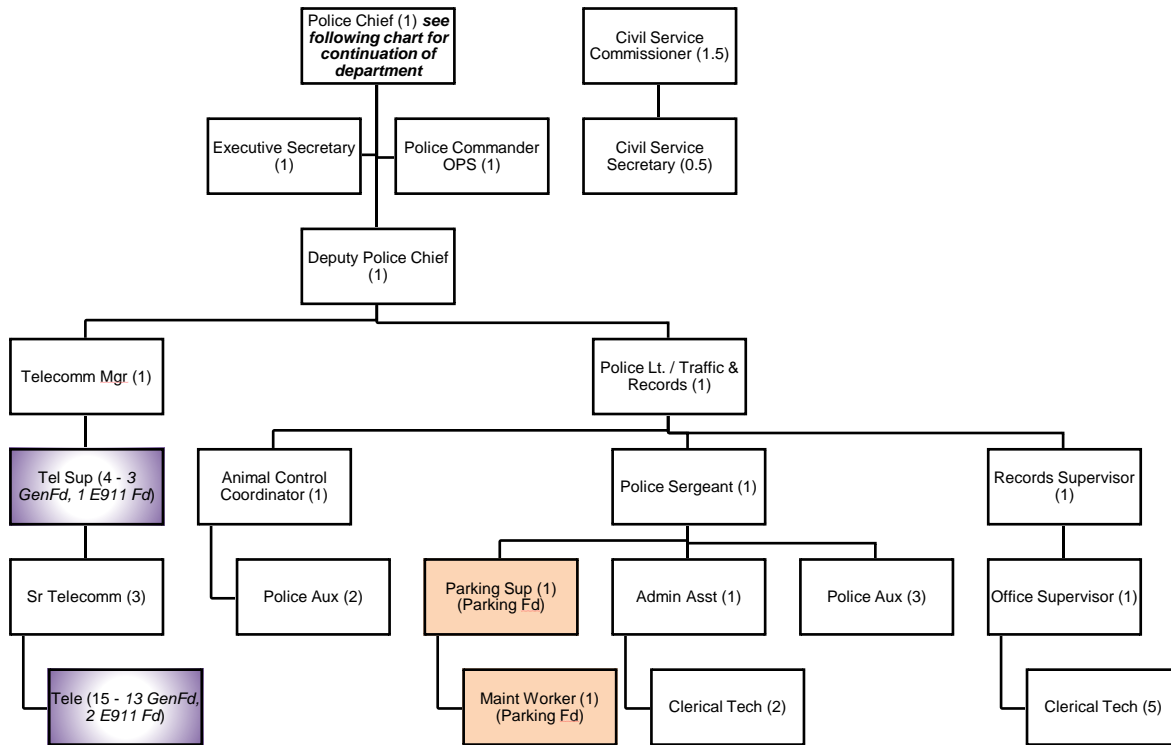
The Neighborhood Policing Division is designed to assist Patrol and Investigations in their daily functions. In addition the NPU was designed to focus on specific quality of life issues within the community and work hand in hand with citizens on those issues on a long term basis.

The Communications Division provides 24 hours a day, 365 days a year dispatch service for the police department and fire department. This critical division is often a resident's first contact with our city services.

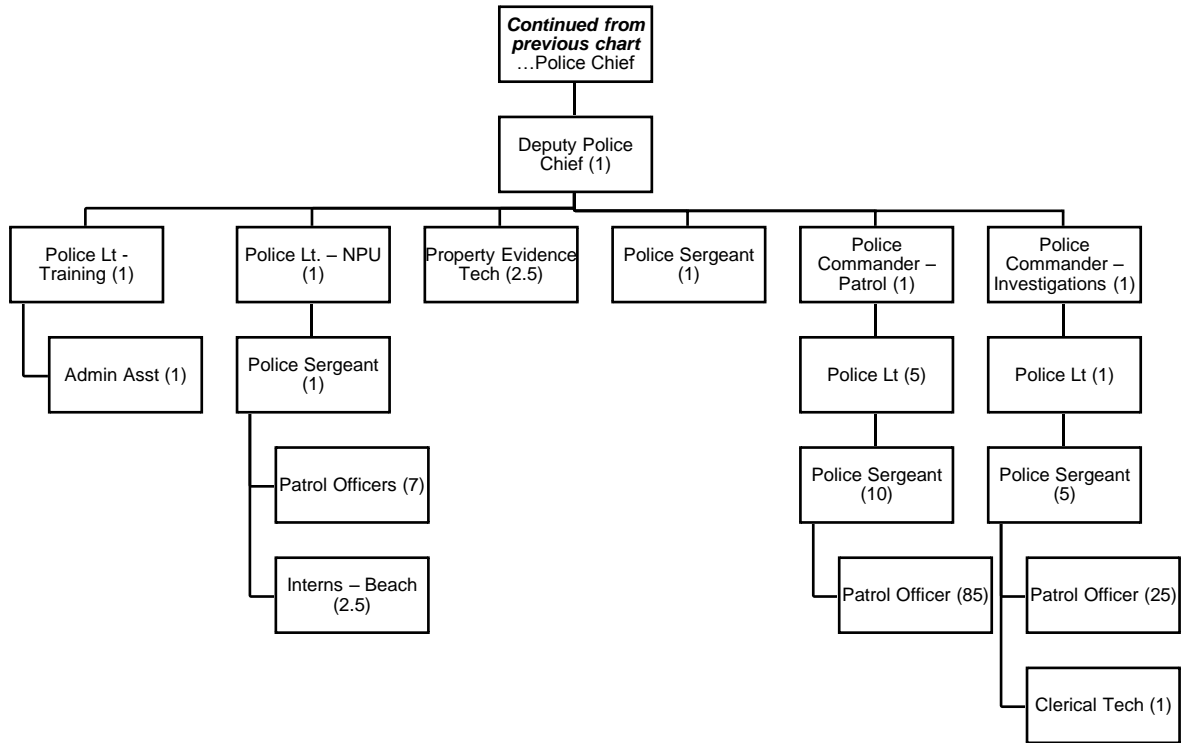
The Office of Professional Standards conducts investigations into incidents of alleged employee misconduct and works with legal staff on city and employee issues.

## Organizational Chart

The following organization charts show 201 budgeted full time equivalent positions (FTE) in the Police Department for FY18. If the FTE is not funded from the General Fund, the position is shaded and the Fund is noted. This reflects a net increase of 7.5 FTE from the FY17 budget. Further detail on the headcount may be found in the **General Fund**, **Special Revenue Fund**, and **Enterprise Fund** sections of this report.





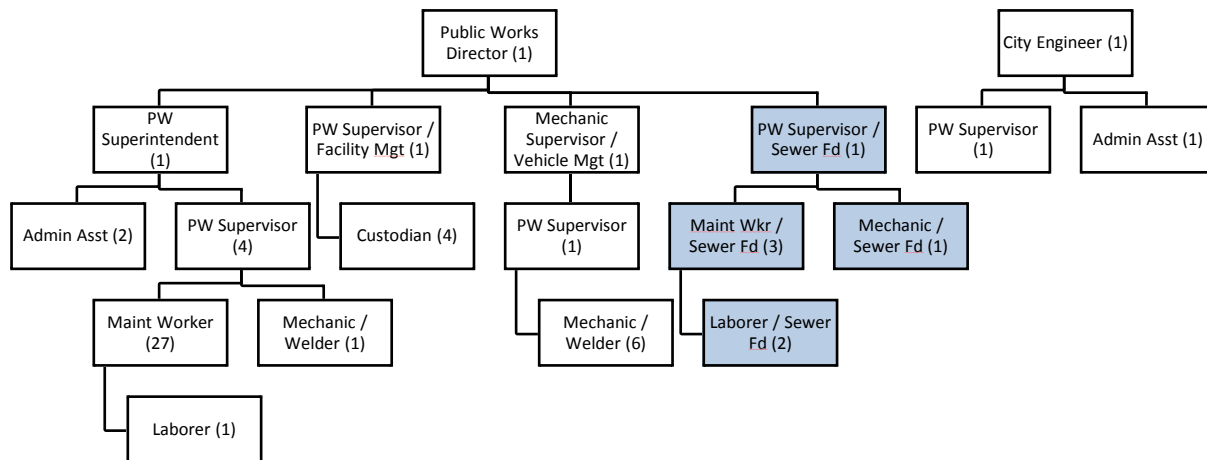


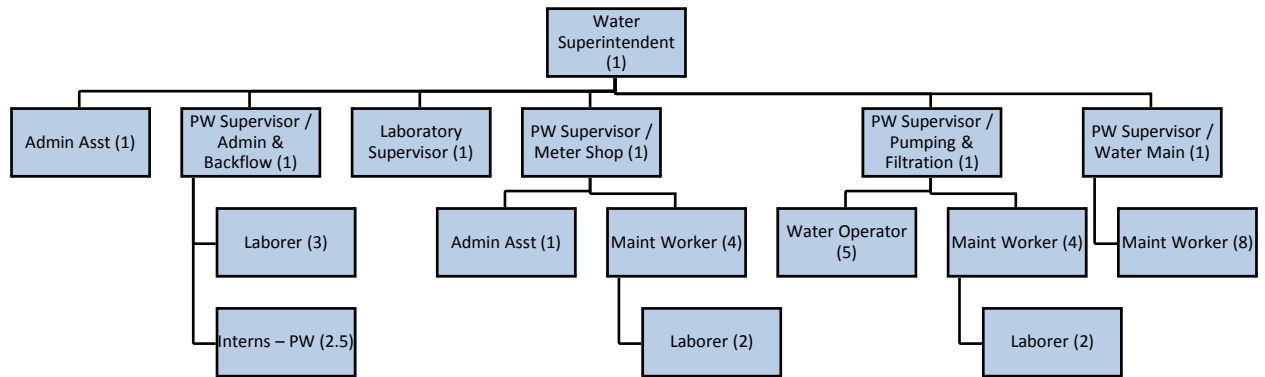
## PUBLIC WORKS, ENGINEERING, WATER & SEWER

Public Works manages, maintains and repairs the city’s infrastructure, facilities, vehicles and related assets. During the winter season, Public Works is responsible for snow and ice control operations. Engineering oversees large-scale projects such as bridge rebuilding, and ensures the city’s construction, operation and maintenance activities are meeting national engineering standards. The Water and Sewer Division is responsible for operating and maintaining the city’s water treatment and distribution system, sanitary sewer collection and pumping systems, and storm water system. The city-owned Water and Sewer System (the “System”) provides water from Lake Michigan to its residents, while sewage treatment is handled by the North Shore Water Reclamation District.

### Organizational Chart

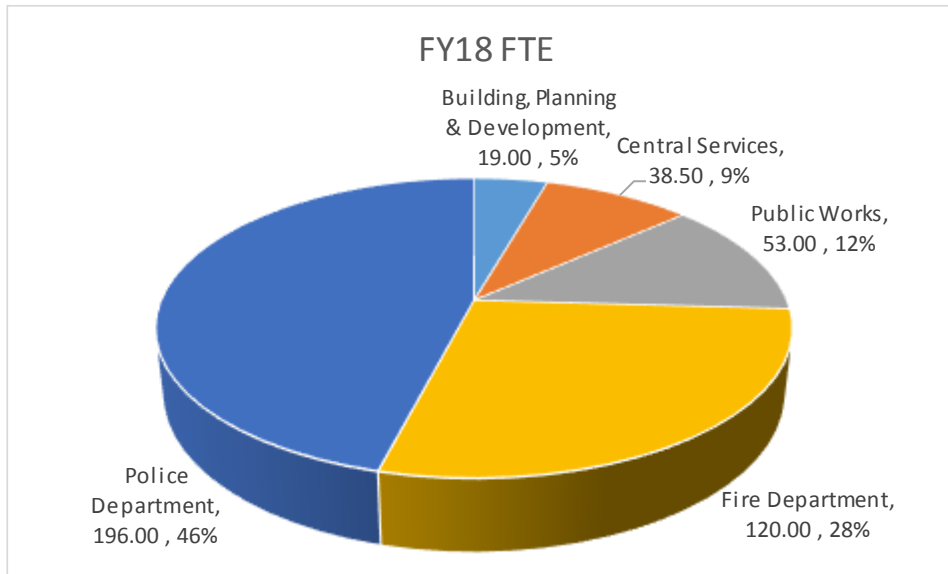
The following organization charts shows 98.5 budgeted full time equivalent positions (FTE) in Public Works, Engineering, and Water / Sewer Departments for FY18. FTE for Public Works not funded from the General Fund is shaded and noted. All position in the Water Department are funded from the Water & Sewer Enterprise Fund. This reflects a net increase of 3.5 FTE from the FY17 budget. Further detail on the headcount may be found in the **General Fund** and **Enterprise Fund** sections of this report.





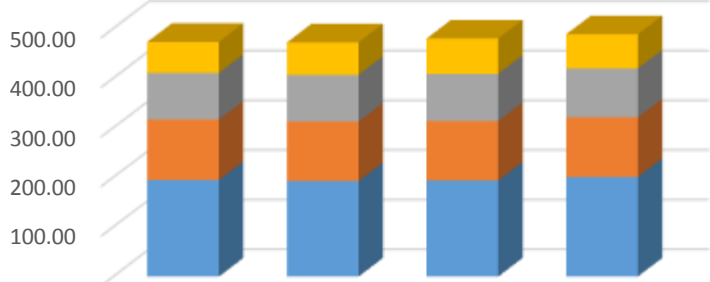
## TOTAL CITY HEADCOUNT

For the upcoming fiscal year, a total headcount of 488.5 positions is planned. The positions are funded 87% from the General Fund, followed by 11% in the Enterprise Funds and 1% in Special Revenue Funds. The city has several Collective Bargaining Agreements with employee groups, and as a result 81% of FTE are union positions. Specific headcount information is available in the **Funds** sections of this report.



The Police Department makes up 46% of the city's total head-count, followed by the Fire Department at 28%, Public Works Department at 12%, and the remaining departments accounting for 14% of budgeted positions for FY18. Total FTE has increased by 8.5 positions since FY17, and by 15.5 positions since FY15. Since FY15, sworn positions have increased by 4.0 FTE and civilian positions declined by 19.5. The increase in civilian positions has been mostly attributed to growth in Public Works.

FTE by Department



	2015	2016	2017	2018 Request
■ Building, Central Serv & Planning	62.50	65.50	71.50	69.00
■ Public Works	94.00	94.00	95.00	98.50
■ Fire Department	122.00	120.00	120.00	120.00
■ Police Department	194.50	192.50	193.50	201.00