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fy2020 BUDGET – building a strong FOUNDATION FOR THE FUTURE

* *Significant progress toward eliminating the structural budget deficit*
* *Robust development activity – key to stable, long-term revenue growth*
* *Maintains services to residents despite spending reductions*

Urbana Mayor Diane Wolfe Marlin’s proposed budget for FY2020 includes significant progress on building a strong foundation for the City’s future. The proposed budget is available at <https://www.urbanaillinois.us/departments/finance/financial-reports/annual-budget>.

“Our staff is committed to providing excellent core City services, despite tighter budgets. To be responsible stewards of public funds, we have had to make some difficult decisions to address our long-term funding needs,” said Mayor Marlin. The budget includes $59.3 million in expenditures and $47.6 million in revenues for all City funds. Expenditures exceed revenues primarily because of large one-time expenditures in capital improvement funds.

Increased investment in development is a key component of moving the City toward a sustainable budget. This past fiscal year saw significant new investment in both commercial and residential development. Seventy commercial building permits were issued, resulting in 128,000 square feet added, and an estimated $35 million in construction costs.

The Urbana Enterprise Zone, TIF (Tax Increment Financing) Districts, and “Think Urbana” program continue to incentivize private commercial and residential development. The City’s TIF Districts supported over 30 new and expanded businesses in Downtown Urbana in the past 12 months. The “Think Urbana” Program incentivizes the construction of single family, duplex and townhome residences. Over the past three years, Urbana’s share of single family construction in Champaign County has more than doubled, from 9% to 19%.

Five major multifamily residential and mixed-use projects were approved or have begun construction in the past two years. These developments will add millions of dollars to our tax rolls, activate vacant or under-utilized infill sites, and support growth of our population. The projects include a 42-unit townhome development at 200 South Vine Street. This will be the first new residential construction in downtown Urbana in over 13 years.

Reductions were essential to producing a balanced budget. Those reductions include –

* A staffing reduction of 5.25 full-time equivalent employees (FTEs) from the current budget. This is in addition to a reduction of 4.7 FTEs over the course of FY2018 and FY2019. That is a total of nearly 10 FTEs, or about 4% of the City’s workforce over three years. The FY2020 staffing reductions will save $370,000 on an annual basis.
* A revised funding plan for equipment replacement, which includes a plan to issue debt at strategic points to avoid a deficit, saving $119,000 annually, in addition to a savings of $70,000 in FY2019.
* Reduced funding of $59,100 for the Urbana Free Library, which is a proportionate share of our $500,000 expenditure reduction goal. The Library Board has determined the specifics of those reductions.

Two significant revenue increases were included in the FY2020 budget. Those include –

* An increase in the package liquor tax from 1% to 3%, which will generate approximately $220,000 annually.
* An increase in late fees for unpaid parking fines, which will generate approximately $72,000 annually.

There are very few additions to the budget, and most are one-time expenditures. Those include –

* A one-time allocation of $793,000 from the General Fund for high priority capital improvement needs including the first phase of replacement of aging streetlights in the campus area, final phases of the City Facility Study and Master Plan, and funds to address critical facility needs. Total General Fund support for capital projects will be nearly $1.6 million.
* A one-time allocation of $500,000 to supplement reserves in the Retained Risk Fund, which pays for liability and worker compensation claims.
* One-time expenses of $200,000 for ongoing litigation over hospital property tax exemptions.
* Several small technology projects including network monitoring, central email archives, with a total cost of $38,500, of which $22,000 is a one-time expense.
* Other new expenditures include increased training funds for the Police and Fire Departments and temporary staffing in IT for software implementation.

The City welcomes input on the proposed budget. A public hearing will be held at 7 p.m. on Monday, June 10 in the City Council Chambers. Public participation is welcomed at all City Council meetings.

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