

CITY COUNCIL WORKSHOP MINUTES

CITY COUNCIL WORKSHOP:

Five Year Plan and Tax Levy Workshop

Date: October 8, 2012

Place: Municipal Center – Council Chambers

Councilmen Present: Councilman Doug Krause, Councilwoman Judy Brodhead, Councilman Steve Chirico, Councilman Paul Hinterlong, Mayor Pro-tem Joseph McElroy, Councilman Robert Fieseler

Councilmen Absent: Councilman Grant Wehrli, Councilman Kenneth Miller, Mayor George Pradel

Staff Present: Doug Krieger (City Manager), Karen DeAngelis (Director of Finance), Chris Smith (Assistant Finance Director), Pam LaFeber (City clerk), Marcie Schatz (Deputy City Manager), Margo Ely (City Attorney), Mark Puknaitis (Fire Chief), Bob Marshall (Police Chief), Bill Novak (Director of TED), Dick Dublinski (Director of DPW), Mark Curran (Director of Public Utilities – Electric)

Finance began the presentation at 5:04PM

Karen reviewed the FY14 Budget workshop schedule and gave an update on FY13. Karen indicated that in general the tax revenue streams are trending upwards and staff is conservatively projecting a 4-5% increase in Retail Sales tax for FY13. For FY13, there is further upside potential for Retail Sales tax of \$1.5 million. Karen notes that there are improvements in the other City revenue streams as well and commented that home sales in Naperville are increasing. FY 13 financial improvements total \$4.925 million.

Conversation around the FY14 Budget included the following:

1. On a preliminary basis, \$4.6 million of the fund balance may be needed to balance the FY14 budget. There is available excess fund balance of \$9.6 million.
2. Council suggested options for use of the excess fund balance including:
 - Avoid borrowing for FY14 Capital Improvement Program
 - Additional pension contributions to reduce the pension obligation
 - Consider partial abatement of property taxesDoug Krieger stated important factors to look at relevant to pension funding include how we stack up compared to other communities (Debt/Household) and is our methodology sustainable. These options will be discussed further at the January 28, 2013 CIP workshop.
3. There was conversation regarding the food and beverage tax and SECA funds and options for the future. Several Councilman suggested the tax may be lowered, or the dollar amount

flowing to SECA should be capped. Further discussion on this will take place at the February 25, 2013 Other Funds workshop.

Review General Fund Five Year Plan

Karen stated that assumptions used in the five year plan are generally conservative, but no new borrowing is assumed. She concluded that the Economic Recovery is easing the struggle to balance the budget, but it remains essential that the long term impacts of financial decisions are considered.

Review and Reach Consensus on City Levy

Chris Smith led a discussion around the City tax levy stating the City portion of the property tax bill ranges from 10%-12% in the 4 townships and that 18% of City operations are funded by the proposed tax. Staff recommends a 2012 levy that is a reduction of 2.5% or \$1.195 million. Councilman Krause said he would support the recommendation but may want to consider abatement options in March.

All 6 council members consented to the levy at \$46,614,785.

Review and Reach Consensus on SSA Levy

All 6 council members consented to the staff recommended levy for SSA 21, SSA 24 and SSA25.

SSA 21 \$130,000

SSA 24 \$776,382

SSA 25 \$68,000

Other Revenue questions and Update on City Website Intrusion

Councilman Chirico asked what the revenue from the sale of assets is being used for. Karen responded that it is being held to fund capital. He also asked if there were any major grants up for request and Bill Novak responded there are not.

Doug Krieger gave an update on the intrusion of the City Website. He said the website was compromised on Tues. October 2. Public Safety is not affected. He said the incident is being treated as a criminal investigation. While the investigation is still in process, there has been no loss of credit card information and no evidence of any information being compromised. The website and email will remain down until a security patch is designed, tested and put into place.

Meeting adjourned at 6:35 PM.

Minutes taken by Lynn Soukup, ext. 5343

Follow up:

1. 2014 Obama Care – What is the increased cost to the City?
2. Library – How does the Library levy dollar and rate compare to its benchmark and the City's levy?
3. Library – How much will it cost to keep the Library open 1 hour longer on Sunday?