

CITY COUNCIL WORKSHOP MINUTES

CITY COUNCIL WORKSHOP: Five Year Plan and Tax Levy Workshop

Date: October 24, 2011

Place: Municipal Center – Council Chambers

Councilmen Present: Councilman Doug Krause, Councilman Judy Brodhead, Councilman Chirico, Councilman Paul Hinterlong, Councilman Kenn Miller, Councilman Grant Wehrli, , Councilman McElroy and Mayor A. George Pradel

Councilmen Absent: Councilman Robert Fieseler

Staff Present: Doug Krieger, (City Manager), Karen DeAngelis (Director of Finance), Chris Smith (Assistant Finance Director), Pam LaFeber (City Clerk), Marcie Schatz (Director of TED), Margo Ely (City Attorney), and Mark Puknaitis (Fire Chief)

Finance began presentation at 5:00PM

Doug gave a brief summary of prior year workshops and the downturn in 2008. Indicators are starting to turn back to an improving revenue position. This year we have several non recurring revenue sources. Next 5 years will require a lot of work.

Karen reviewed the workshop schedule.

Updated FY13 Financial Gap Projection

Karen stated that the Auditors gave feedback on the Calculation of General Fund Reserve and agreed on a reserve number that is 1.3 million lower than the original reserve number. This amount will be used to reduce the financial gap.

A review of internal chargeback's resulted in a reduction that will increase the financial gap by .9 million based on today's costs and services. Of this amount approximately \$600,000 is Water and \$300,000 is Electric. Chargeback methodology will be phased in over 5 years.

Vehicle replacement – reduced further by 1.8 million

Claims history allows a reduction on medical costs. Down 2.6%

With known items, the revised gap view is approx. (.5) million

Staff recommends a Property Tax reduction of 2.75% or (1.4) mil. This would bring the gap to (1.9) mil

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Conversation around the FY 13 Budget included the following:

1. Across 3 years, there has been a 15% decrease in EAV. Councilman Krause reported that Kane county is down an additional 20% and wanted to make sure we are confident in our numbers.
2. Councilman Miller is skeptical about the \$400,000 medical cost reduction. Karen stated that the 5 year projection does not include any \$ for this.
3. Councilman Wehrli asked where the money for the blizzard would go. These dollars will be part of FY13 revenues. He also asked about the sale of assets, specifically a costly piece of property. Doug said it is not in the budget.

Review General Fund Five Year Plan

Karen stated that there are significant financial challenges. The five year plan has conservative estimates for revenue increases with no one time sources.

Councilman Wehrli asked what the harm is in taking unions not under contract to 0%. Lets not bake into the cake a guaranteed increase. Staff will do 2 new scenarios: One with 2% for non union and contract raises for those in effect. A second with 0% for all groups not under contract.

Councilman Miller would like to stay conservative with revenues and any increase would be a benefit. He agrees that 16 mil gap for FY14 is a problem.

Review and Reach Consensus on City Levy

There was discussion regarding the 3 Tax Levy options. Doug advised that if we take option 1 staff will come up with the 1.9 million to abate. The question was asked how confident was staff of getting to #2? Doug- There are not a lot of ideas yet for filling the gap, but directors and staff have done a good job of scrubbing the budget. Biggest concern is state of Illinois Funding.

Consensus on option 2: Chirico, Hinterlong, Wherli, Miller, McElroy

Review and Reach Consensus on SSA Levy

SSA21 - 60,000 decrease
SSA24 - Flat
Naper Main Debt Service

Consensus- reached on the above

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Reach Consensus on Mayor and Council Line Item Budget

Submit SECA application for kids matter-council consensus is to move it to SECA funding.

Council discussed internet service. The majority said to leave it in as a cost of doing business.

Council discussed the Metropolitan Mayors Caucus.

With no lobbyist in Springfield, this group will help us be cohesive.

Doug said from a legislative standpoint, there will be savings of about \$25,000 per year to change to a by issue vs. retainer platform.

Council agreed to keep the Metropolitan Mayors Caucus in the budget.

Springfiled drive down – \$1,000 consensus to leave in the budget.

\$500 Sister Cities – Concensus to pull this item out of the mayor's budget.
Sister Cities will be submitted as a SECA item

Executive Session food- Concensus to remove \$500.00

Motion to adjourn workshop 7:06 PM.

Minutes taken by Lynn Soukup
Ex 5343