

CITY COUNCIL WORKSHOP MINUTES

CITY COUNCIL WORKSHOP: FY13 Budget – Utility and Other Funds Workshop

Date: February 13, 2012

Place: Municipal Center – Council Chambers

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

Staff Present: Doug Krieger, (City Manager), Bob Marshall (Assistant City Manager), Karen DeAngelis (Director of Finance), Chris Smith (Assistant Finance Director), Marcie Schatz (Director of TED), Margo Ely (City Attorney), Mark Puknaitis (Fire Chief), Dick Dublinski (Director of DPW), Jim Holzapfel (Director of Water/Wastewater), and Mark Curran (Director of Electric Utilities)

Call to order by Mayor Pradel at 5:00 P.M. Overview by Doug Krieger.

Karen presented workshop agenda and materials
Completed workshops – Dates and Agenda
Upcoming workshops – Dates and Agenda

Financial GAP Update

Budget is balanced.

Budget is balanced as a result of several factors:

- 1) Fund balance was built in FY11 and will continue with the close of FY12;
- 2) Improved economic conditions;
- 3) Mild winter resulting in lower winter operation costs and lower salt purchases;
- 4) Good behaviors and improvements in safety performance in City departments.

Open FY13 Operating Budget Items

-\$50,000 remains in the budget for the Ogden Avenue Grant Program.

-\$60,000 remains in the budget for fire training supplies.

-Unsettled contracts remain for some of City's unions.

- Reduction of the annual wage increase to 1%, from the original 2% assumption, is now incorporated into the budget. expenditures were reduced by \$140,000 for this change in assumption.

-A \$5,000 additional line item added for Bassett training expenditure to cover additional texts require for training.

The net FY13 Budget expenditure reduction of \$135,000 (\$140,000 reduction and \$5,000 increase) will be transferred to cover the unfunded CIP and reduce the need for borrowing.

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Electric Utility

Mark Curran presented highlights:

- In FY12, DPU-E began to collaborate with street light maintenance with DPW. This program will continue.

FY13

- Rate study completed indicated no rate increase for FY12 or for the upcoming year (FY13).
- The City will start to implement time of use rate during FY13
- Prairie State Phase 1 and Phase 2 will be on-line
- Overtime has been reduced by minimizing use of outside contractors
- Department is maintaining a four year cycle on tree trimming near overhead power lines
- Department continues to keep the reliability of network high
- The replacement of all electric meters will be complete by 4th quarter of the calendar year 2012

Water/Wastewater Utility

Jim Holzapfel presented highlights:

- Overall there is about a \$0.5 million savings from the prior year. Most of this comes from a reduction in charge backs from the General Fund.
- The department saw an increase in maintenance work versus capital work.
- Purchased power increased by 30%.
- Three vehicles will be replaced in FY13 including \$120,000 for TV van.
- The department's safety record improved thus the worker's compensation and general liability was reduced.
- Energy Consumption declined due to new and more efficient equipment at Springbrook Water Reclamation Center – about \$50,000 annual savings.

Outside Agencies

The outside agencies include NCTV, Naperville Development Partnership and the Naperville Creamery. Funding source is a result of Council action. Budget proposals were briefly reviewed.

Funds with Other Board Control

Budget proposals were briefly reviewed for Funds with other Board control, including the Settlement, the Library, E911 Surcharge Fund, Federal Drug Forfeiture Fund, the State Board Forfeiture Fund, the Foreign Fire Insurance Fund, the Test Track Fund and the

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Police and Firefighters' Pension Funds. It was noted that all budgets which include funding from property tax revenue were in agreement with the Levy as passed by Council. It was also noted that the expenditures budget for the Library Capital Reserve fund was in agreement with the CIP requests previously submitted by the Library.

Enterprise and Internal Service Funds

Burlington Fund – the increase in expenditures in FY13 is supported by the approved CIP program and primarily driven by parking lot maintenance.

Fleet Services – revenue represents charges to departments to cover full cost of annual service.

Information Technology Replacement – revenue represents charge to departments to cover annual service and future replacement.

Self Insurance Fund – revenue includes employee contribution of 20%. FY13 transfer out the fund balance of \$1.1 million to the General Fund for gap closure (October workshop).

Vehicle Replacement Fund – FY10 excess fund balance of \$1.4 million was transferred to General Fund for gap closure. The reserve requirement is 25% of fleet value, roughly \$32 million or \$8 million. After audit, any excess reserve will be used to fund FY14 replacements. Staff recommends that \$400,000 be split to the Utilities and \$400,000 to the General Fund.

Special Revenue Funds

ARRA FED Grants Fund – fund balance represents the Greener Business Revolving Loan Program. FY13 is final year of this program.

CDBG – ending balance represents the amount HUD has made available to the City to fund CDBG programs. FY13 expenditures include reprogrammed money from program years 2009, 2010, 2011 and 2012. FY13 expenditures include infrastructure projects in addition to community grants.

General Trust and Agency Fund – accounts for monies kept in escrows. In FY11 to much of a transfer was made from the General Trust and Agency Fund to the General Fund. Staff does not propose we transfer any money out of the fund in FY12.

Millennium Carillon Fund – the SECA Fund will not be asked to fund Carillon annual maintenance, as the fund balance is sufficient to cover the expenditures. FY14 should be sufficient in fund balance as well.

SECA Fund – FY13 grant funding budget is \$230k higher than FY12 and an additional \$165k of fund balance is available.

Debt Service

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The Debt Service Fund budget already includes funding of FY13 unfunded CIP of \$500,000 out of the fund balance.

At conclusion of audit, up to an additional \$1 million maybe be available to reduce borrowing needs.

Downtown Parking-other revenue is the 1 1/2 % downtown food and beverage tax revenue. Expenditures will be used to fund 2/3rds share of future parking decks.

Special Service Area 21 – Van Buren Parking Deck debt service.

Special Service Area 23 – Naper Main – Levy full amount of debt service but collection is limited to 40% of EAV. The difference is funded by the debt service fund.

Capital Improvement Funds

Fair Share Assessment Fund (Impact Fees) – impact fee program was eliminated and the return of remaining fund balance is being investigated.

Capital Projects Fund – transfers in from General Fund CIP previously supported by impact fees. Fund balance of \$0.5 million is being used for FY13 unfunded CIP projects.

Water Street TIF Fund – Budget briefly reviewed and is contingent on development activity.

Motor Fuel Tax and Road and Bridge Fund – fund part of roadway improvement. Staff plans on spending \$12.5 million on roadwork, \$11.1 from the Motor Fuel Tax fund and \$1.4 from the Road and Bridge Fund.

Special Service Area 22/24 - Downtown Maintenance and Marketing-a small fund balance is starting to build. The fund balance here has grown partly due to the lower cost for removal of snow in the downtown area this winter.

Wrap Up and Next Steps

Next workshop on March 12, 2012 includes a brief update on the budget and will conclude with SECA.

Meeting adjourned at 6:35 P.M.