

SPECIAL CITY COUNCIL MEETING MINUTES
Financial Update - Five Year Plan - Tax Levy Workshop
FY14 Update and Revenue Outlook
Council Chambers - Municipal Center
October 21, 2013

Councilmen Present: Mayor George Pradel, Councilman Doug Krause, Councilwoman Judy Brodhead, Councilman Steve Chirico, Councilman Paul Hinterlong, Councilman Joseph McElroy, Councilman Grant Wehrli, Councilman David Wentz

Councilmen Absent: Councilman Robert Fieseler

Staff Present: Doug Krieger (City Manager), Karen DeAngelis (Director of Finance), Pam LaFeber (City Clerk), Marcie Schatz (Deputy City Manager), Margo Ely (City Attorney), Mark Puknaitis (Fire Chief), Bill Novak (Director of TED), Dick Dublinski (Director of DPW), Mark Curran (Director of Public Utilities – Electric), James Holzapfel (Director of Public Utilities – Water & Wastewater)

Finance began the presentation at 5:10PM

FY14 Update

Karen reviewed the FY15 Budget workshop schedule and gave an update on FY14. Karen indicated that in general the tax revenue streams are trending upwards and staff is conservatively projecting a 5.5% increase in Retail Sales tax for FY14. For FY14, there is further upside potential for Retail Sales tax of \$1.1 million. Any upside on sales tax can help with FY15. Karen notes that there are improvements in the other City revenue streams as well and commented that home sales in Naperville are increasing. Excluding May, income tax receipts have been roughly the same as last year. For the month of May, income tax receipts were up \$900,000 over the prior year. The State explains the increase as being due to residents and businesses accelerating transactions to take advantage of the 2012 Federal tax rates.

The current projection is for total revenue to end the year \$2.2 million above budget, and expenditures to be \$1.1 million lower than budget, for an overall above budget performance of \$3.3 million.

During the presentation Council requested staff provide more information on the Naperville unemployment rate, the Case Schiller index and detail on the split of the fine revenue and interest income projections.

Review Five Year Plan

Karen stated that assumptions used in the five year plan are generally conservative. Revenue improvements will mostly be offset by a projected reduction in property tax and the removal of F&B tax. The Preliminary FY15 Gap for General fund is at \$2.2 million but it is still early in the process. Future years will see a significant squeeze on property tax dollars. This levy reduction

coupled with increased requirements on other property tax components will completely eliminate General Corporate funding with property taxes by FY18.

The Utility Funds continue to follow their detailed rate studies. Under the current assumptions, both utilities project negative cash flow in some years of the five year plan. The Electric five year plan suggests the fund will be unable to fund the annual capital program without borrowing in each of the next five years. Doug updated the Council briefly on the Prairie State power plant and the effect weather has on demand charges. Doug is confident that the Prairie State power plant will have improved efficiencies. He also stated that internal discussions and analysis are taking place around the Electric Utility and a more detailed presentation will be made at the Utility workshop in March.

Review and Reach Consensus on the Library, Settlement and Public Safety Pension Levy

Unanimous consent to the staff recommended levy as follows:

Library	\$14,460,800
Settlement	\$2,927,272
Firefighter Pension	\$5,183,001
Police Pension	\$5,156,419

Council requested staff provide a copy of the workshop materials from January 2011 when the Financial Advisory Board and Staff provided recommendations to Council on the City Debt Level. Staff will be prepared to review the information with Council at the January 2014 workshop.

Review and Reach Consensus on City Levy

Unanimous consent to the levy at \$45,915,563 for an estimated tax rate of 0.7872

Review and Reach Consensus on SSA Levy

Unanimous consent to the staff recommended levy for SSA 21, SSA 24 and SSA25.

SSA 21	\$200,000
SSA 24	\$788,762
SSA 25	\$68,000

Meeting adjourned at 6:30 PM.

Minutes taken by Lynn Soukup, ext. 5343