

City of St. Charles FY18-19 Budget



Government Operations Committee

March 19, 2018

Agenda

- Recent Financial Trends
- General Fund
 - Funding allocated to civic groups
- Summary of Utility Funds
- Significant Capital Projects
 - Local Gasoline Tax
- Staffing
- Questions/Comments



Heritage. Community. Service. Opportunity.

Prudent financial decisions have resulted in a fiscally responsible St Charles

Structurally sound operations and results:

- Slow, but consistent revenue growth without tax increases has marked the City's recovery
- Expenditures have continued at relatively low levels and in line with revenues
 - City is “living within its means”
- Revenues and expenditures at FY 2008 levels
- Healthy reserves in General Fund



Existing revenue streams beginning to show stressors:

- State Revenue reduction \$450,000
 - LGDF (Income Tax: 10% reduction)
 - 2% Administrative Fee added to Home Rule Sales Tax
- Pension funding challenges
- Deferred capital maintenance and projects
 - General as well as utility infrastructure
- Challenges of the “frozen” tax levy
 - \$12 million means \$12 million
 - Taxes from growth and new property lower tax rate, they do not increase revenue

Highlights of 2018-2019 Budget:

**** Budget is Balanced ****

One tax increase proposed – Capital Fund

- \$.02/gallon local gasoline tax

Minimal Staffing changes proposed

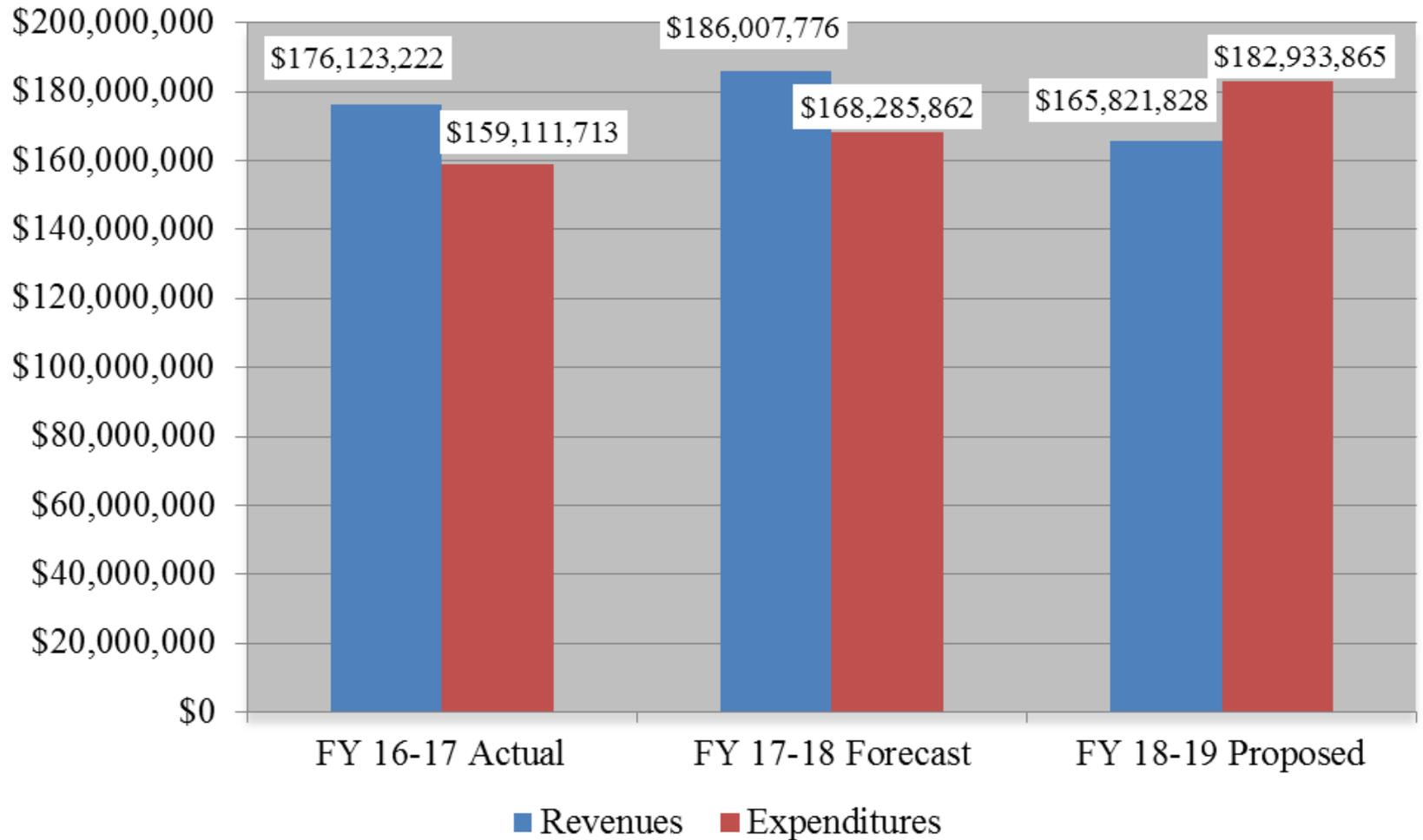
Utility rate adjustments are proposed

- Small in scope; in line with prior year
- Largely driven by capital (Wastewater)
- EPA Assessment continues
 - Environmental mandates imposed by State



The City Budget

Summary of All Funds (Excludes Transfers)



City of St Charles



General Fund

General Fund Highlights

Balanced Operations

Revenue streams continue recovery

- Property tax levy remains frozen

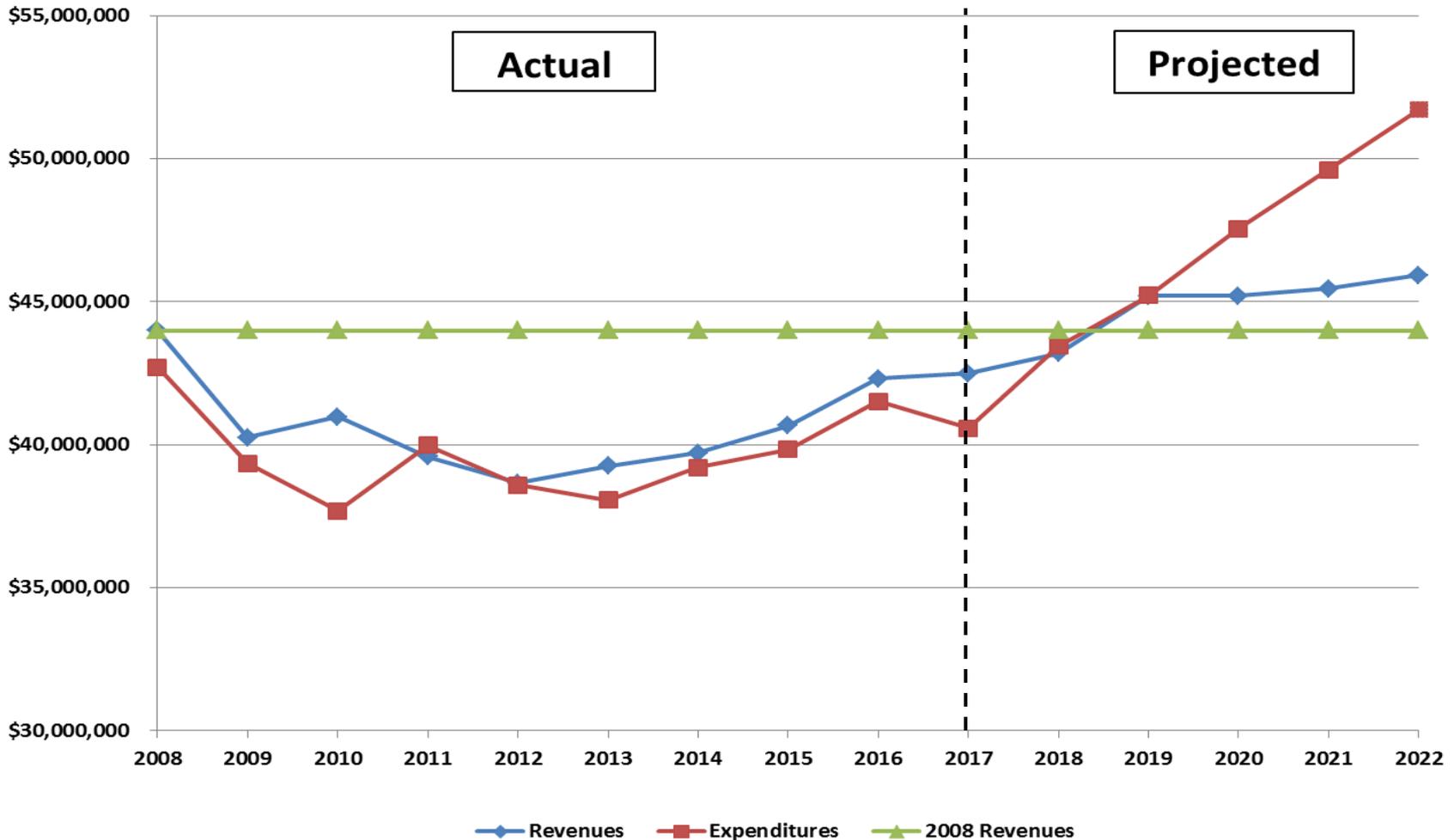
Expenditures continue at low
levels historically

Additional Debt Service expens

- Police Facility



General Fund Revenues and Expenditures - WITH REVENUE INCREASES FY 2008 through FY 2022



2008-2017 amounts are from the City's Comprehensive Annual Financial Report for the fiscal year ended April 30 as indicated.

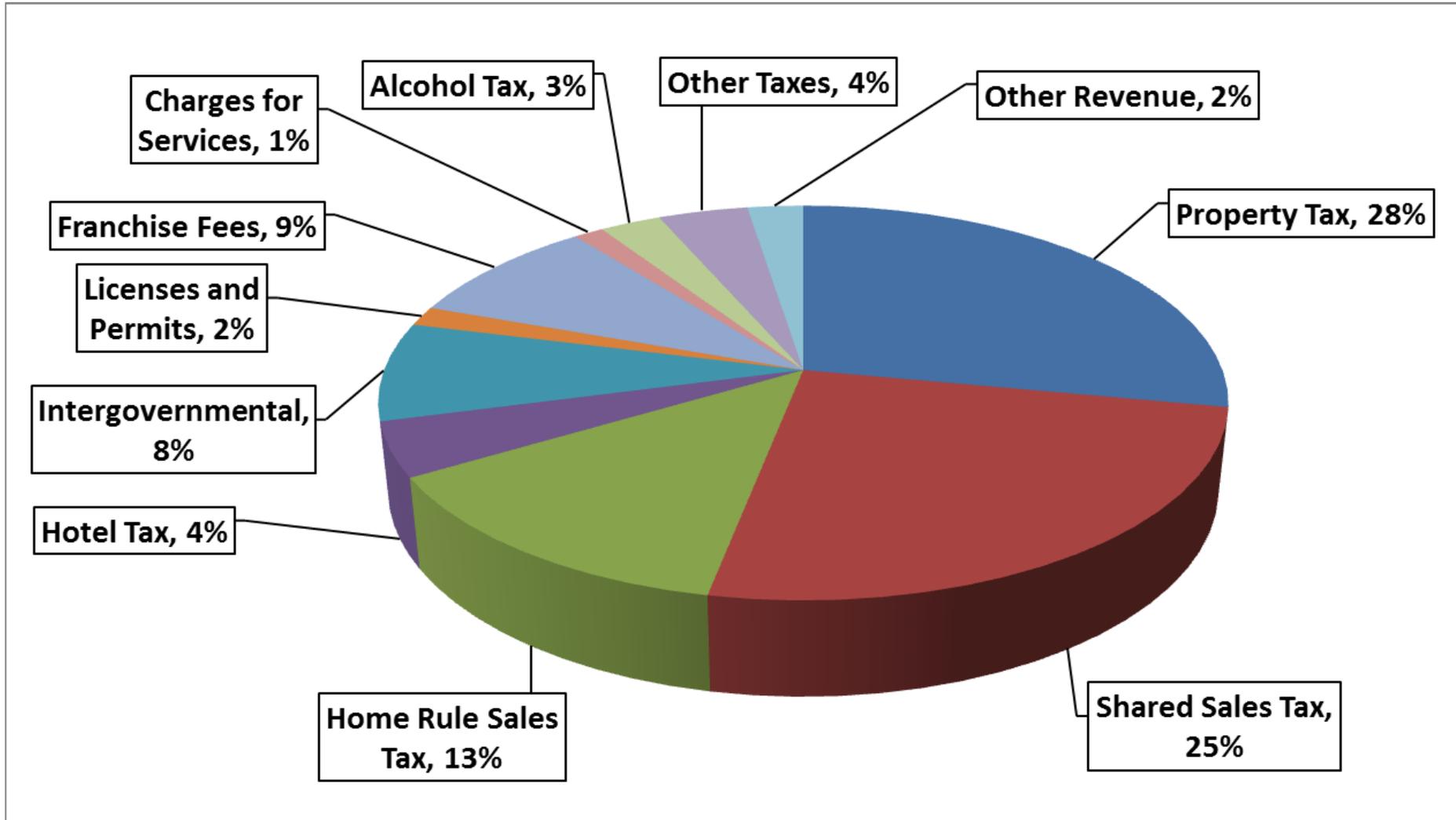
2018 amounts based on January, 2018 projections

The General Fund

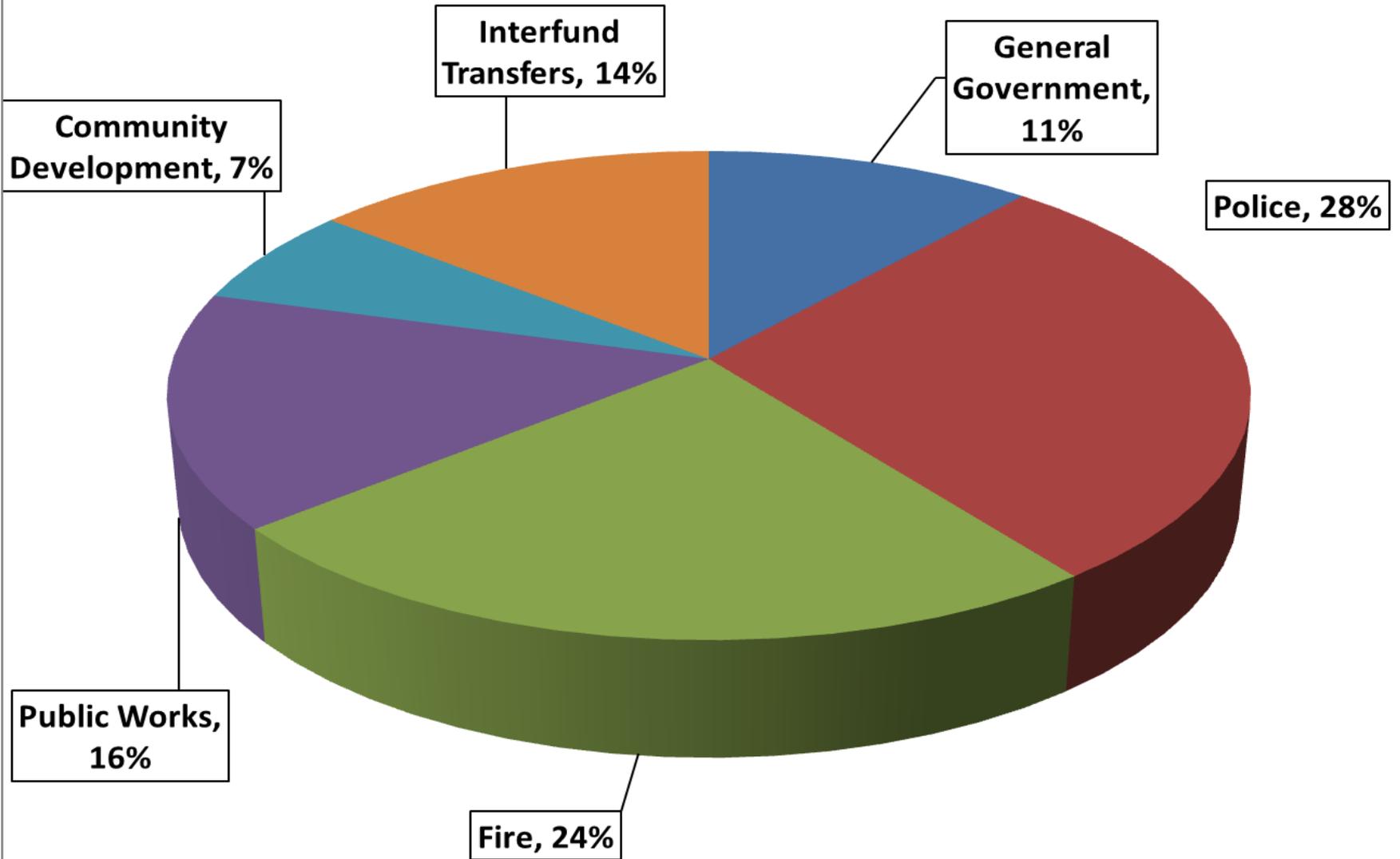
	Forecast <u>FY 2017-2018</u>	Proposed <u>FY2018-2019</u>
Revenue	\$ 43,202,734	\$ 44,592,294
Operating Expenditures	<u>43,445,470</u>	<u>45,182,687</u>
Surplus/(Deficit)	\$ (242,736)	\$ (590,393)
Other Financing Sources	<u>-</u>	<u>591,096</u>
Operating Surplus/(Deficit)	\$ (242,736)	\$ 703
Reserve Use - Police Station	<u>\$ -</u>	<u>\$ (3,000,000)</u>
Change in Reserve Level	<u>\$ (242,736)</u>	<u>\$ (2,999,297)</u>
End of Year Reserves	<u><u>\$ 17,772,387</u></u>	<u><u>\$ 14,773,090</u></u>



General Fund Revenues FY 2018-2019



General Fund Expenditures by Function FY 2018-2019 Budget



Total Budgeted Expenditures = \$45,182,687

Funding for Civic Groups

Prior 10% Funding reduction is restored in proposed FY 2018-2019 budget:

- History Center: \$35,000
- Greater St Charles CVB: \$503,382
- Downtown SC Partnership: \$245,000

Amounts are tentative until contracts are approved
Contracts will be brought forward for approval in April.



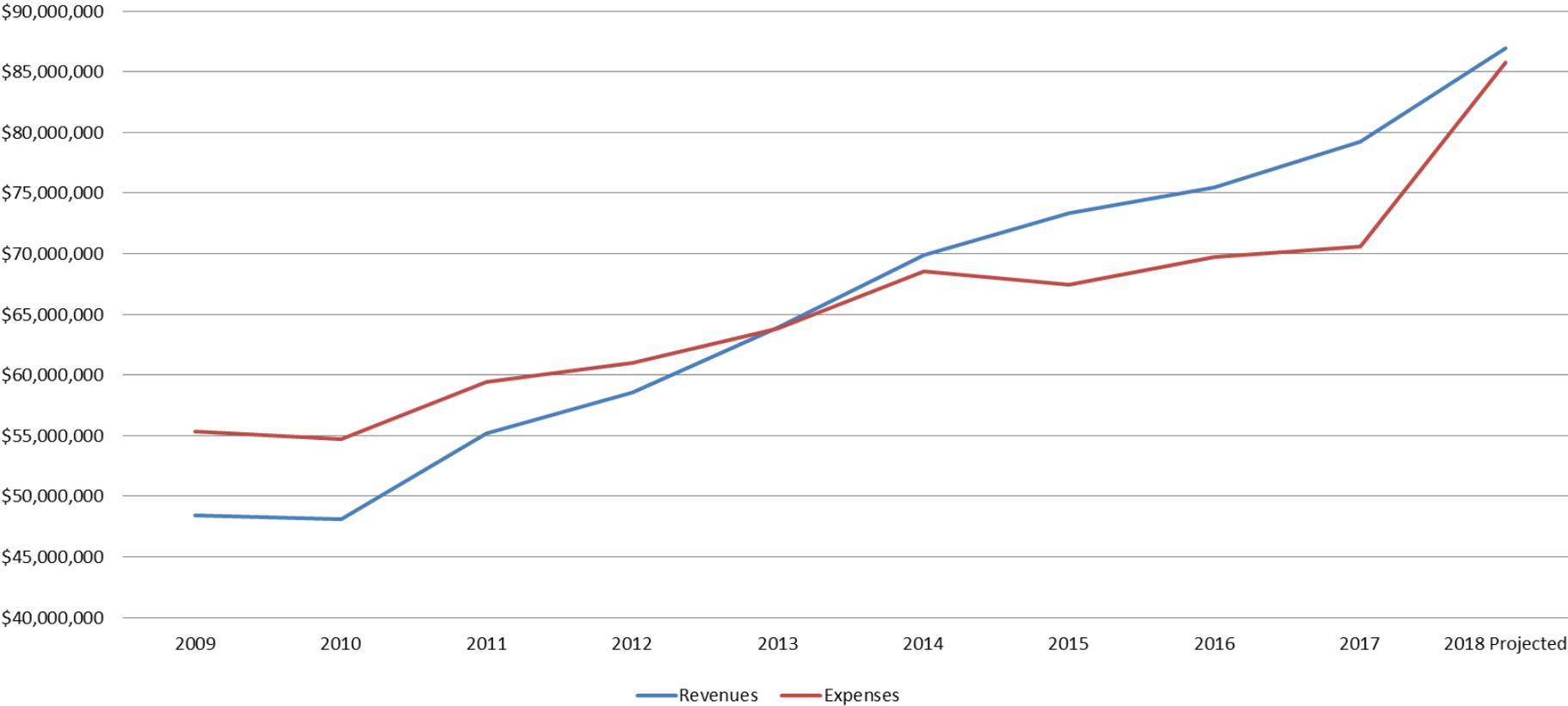
City of St Charles



Utility Funds

Every Picture Tells a Story....

Utility Funds' Performance Fiscal Years 2009 - 2018



Where we are currently:

Much More Positive Financial Performance

- Long term, systematic approach has worked
- Rate structure changes enacted over time
 - Operating deficits essentially eliminated
 - RESERVES IN POSITIVE POSITION – ALL 3 UTILITIES
- Capital Projects Proposed
 - Compliance with EPA mandates
 - Capital maintenance
- Rate Study Underway – anticipated completion summer 2018



Utility Projections

	<i>Proposed Budget FY 2018-2019</i>				<i>Projected Totals 2017-2018</i>
	<i>Electric</i>	<i>Water</i>	<i>Wastewater</i>	<i>Total</i>	
Operating:					
Operating Revenue	\$ 63,853,119	\$ 6,860,030	\$ 11,657,458	\$ 82,370,607	\$ 78,768,186
Operating Expenses	<u>\$ (59,990,154)</u>	<u>(6,247,662)</u>	<u>(9,001,214)</u>	<u>(75,239,030)</u>	<u>(71,395,063)</u>
Operating Surplus/(Deficit)	\$ 3,862,965	\$ 612,368	\$ 2,656,244	\$ 7,131,577	\$ 7,373,123
Capital:					
Debt Issuances	\$ -	\$ 1,477,600	\$ 2,470,060	\$ 3,947,660	\$ 17,820,379
Replacement Funds	-	180,000	459,000	639,000	733,431
Capital Expenses	<u>(3,541,000)</u>	<u>(2,907,384)</u>	<u>(4,057,110)</u>	<u>(10,505,494)</u>	<u>(26,418,138)</u>
Capital Surplus/(Deficit)	<u>\$ (3,541,000)</u>	<u>\$ (1,249,784)</u>	<u>\$ (1,128,050)</u>	<u>\$ (5,918,834)</u>	<u>\$ (7,864,328)</u>
Surplus/(Deficit)	<u>\$ 321,965</u>	<u>\$ (637,416)</u>	<u>\$ 1,528,194</u>	<u>\$ 1,212,743</u>	<u>\$ (491,205)</u>
End of Year Cash Balance	<u>\$ 5,516,248</u>	<u>\$ 3,354,689</u>	<u>\$ 5,312,017</u>	<u>\$ 14,182,954</u>	<u>\$ 12,970,211</u>
Annual Billings for "Average"					
Residential Customer	\$ 1,394.50	\$ 501.76	\$ 791.95	\$ 2,688.21	\$ 2,605.67
Annual Change	\$ 23.23	\$ 16.97	\$ 42.34	\$ 82.54	\$ 82.64
Percentage Change	1.69%	3.50%	5.65%	3.17%	3.46%



Recommended Rate Structure

Electric Fund (Residential)

- Monthly charge = \$17.50 (Unchanged from FY16-17)
- Consumption Rate= 11.96 cents/kwh *(all months)*
 - Matches anticipated wholesale power cost increase

Water (All Customer Classes)

- Monthly charge = \$8.60
- Consumption = \$3.60 / 1000 gallons

Sewer (All Customer Classes)

- Monthly charge = \$18.56
- EPA Assessment = \$1.35 Fixed Monthly Charge
- Volume charge = \$5.85 / 1000 gallons



EPA Assessment

Fixed Monthly Charge on Wastewater Bill

- Charge will finance projects necessary for compliance with environmental standards
 - Phosphorus discharge standards
- Proposed \$1.35 per month per account
- “Escrow” type of account
 - Revenues and expenditures for compliance issues and projects tracked separately
 - \$202,000 collected to date.



Utility Comparison

City of St. Charles Annual Comparison of Utility Charges - Typical Residential Customer February 2018

	<u>St. Charles</u>	<u>Geneva</u>	<u>Batavia</u>	<u>Naperville</u>	<u>Com Ed</u>
Electric	\$ 1,394.04	\$ 1,253.57	\$ 1,406.75	\$ 1,377.71	\$ 1,290.67
Water	501.35	974.19	597.28	934.83	501.35
Wastewater	791.75	571.62	683.47	427.00	791.75
Total Annual Charges	<u>\$ 2,687.14</u>	<u>\$ 2,799.38</u>	<u>\$ 2,687.50</u>	<u>\$ 2,739.54</u>	<u>\$ 2,583.77</u>

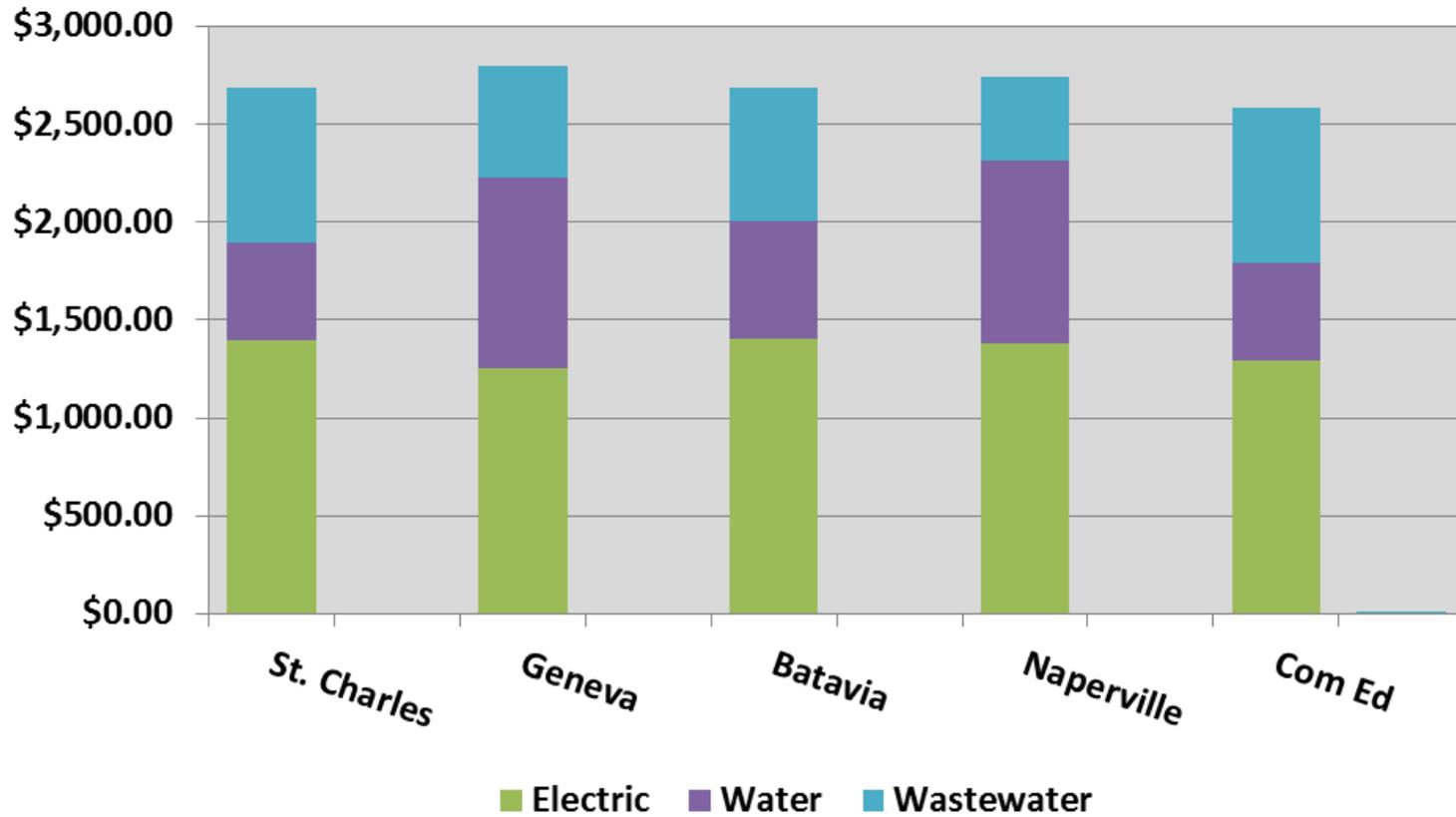
Date of Rates:

Electric	5/1/2018	7/1/2014	5/1/2015	1/1/2018	1/1/2018
Water/Sewer	5/1/2018	5/1/2018	1/1/2018	1/1/2018	5/1/2018

¹ These figures listed the same as St. Charles to show annual costs for utilities, if City was served by Com Ed.



Average Annual Utility Charges



City of St Charles

Impact of Increases to "Typical" Residential Customer (Average Monthly)

Based on 5/1/2018 Rates:

Yardwaste Fee	\$	0.09	
Refuse Sticker		0.15	(Estimated)
Electric Fund		1.90	
Water Fund		1.38	
Wastewater Fund		<u>3.54</u>	
Total Monthly Impact	\$	<u><u>7.05</u></u>	

City of St Charles



Capital Projects and Staffing

Revenues – Capital Projects

Video Gaming Revenue

- \$110,000 budgeted
- Staff proposes using as a funding source for capital projects
- Included in entire projection period
 - Amount will be evaluated each year

Revenues – Capital Projects

Local Fuel Tax Proposed

- \$.02 per gallon proposed
- Proposed Effective Date: November 1, 2018
- Estimated \$425,000 annually
- \$212,500 included in FY 2018-2019 budget
- Used exclusively for capital projects
- Locally administered

Revenues – Capital Projects

Local Fuel Tax Proposed

- If concept is acceptable:
 - Ordinance prepared
 - Future consideration and discussion at Committee Meeting prior to implementation

Significant Capital Improvements

- Police Facility Construction
 - Regional Stormwater Detention facility proximate to the PD building at Valley Shopping Center
- Rehabilitation of George's Sports building
- First St Phase III Streetscaping Improvements
- LED Streetlight replacement (multi year)
- Initial design work, Active River Project
- Renaux Manor Storm Sewer Work



Significant Capital Improvements

- Technology and Network Infrastructure Enhancements
- Roadway Improvements
 - Campton Hills Rd (Peck west to City limit)
 - Ohio Ave in the CMD
 - MFT Street Program
 - Pavement Rejuvenation (Preventive Maintenance)
 - Preliminary Engineering for Campton and Peck traffic signal improvements



Significant Capital Improvements

- Utility improvements and replacements to accommodate Police Facility Construction
- West Side Treatment Plant Expansion
 - Design FY 2018-2019
 - Construction Beginning in FY 2019-2020
- SCADA System enhancements
- Water Tower Painting – Campton Hills Rd Tower

Deferred or Cut Capital Projects

\$2.2 Million cut or deferred including:

- Seventh Avenue Creek Project:
 - Additional Land Acquisition
 - Culvert Replacement – Public Works
- Roof Repairs to IDOT Facility
- Bike Path Plan Study
- Sump Line Replacement Program
- Sidewalk Repairs and Gap Program

Staffing

Staffing is essentially consistent with FY 2017-2018 Budget

- Approximately 270 FTE
- 1 new FTE Proposed
 - Electric Lineman

Staffing costs represent 62% of General Fund expenditures

- Consistent with 3 prior fiscal years
- Includes salaries, insurance benefits, and pension costs

Conclusion

Improving economic conditions have allowed the City to continue to thrive

- Operations are structurally sound
- Slow steady utility rate adjustments

Outside forces continue to apply pressure

- State fiscal crisis and lack of budget
- Infrastructure and capital needs
 - Unfunded mandates

Continued vigilance essential





Heritage. Community. Service. Opportunity.

Questions & Comments?