

City of St. Charles FY17-18 Budget



Government Operations Committee

March 20, 2017

Agenda

- Recent Financial Trends
- General Fund
- Summary of Utility Funds
- Significant Capital Projects
- 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"
- Healthy reserve level in General Fund
- Significant capital expenditures anticipated



Significantly Improved Utility Fund performance

- Slow, Steady Approach has worked:
 - Rate Structures Stabilized
 - Electric Utility and Water Utility
 - Smaller increases necessary than last several years
 - Focus on Wastewater
 - Operating Deficits Minimized
 - Reserve Replenishment
 - All Utilities' Reserves Positive



Highlights of 2017-2018 Budget:

**** Budget is Balanced ****

No tax increases proposed

Minimal Staffing changes proposed

Utility rate adjustments are proposed

- Much smaller in scope than prior years

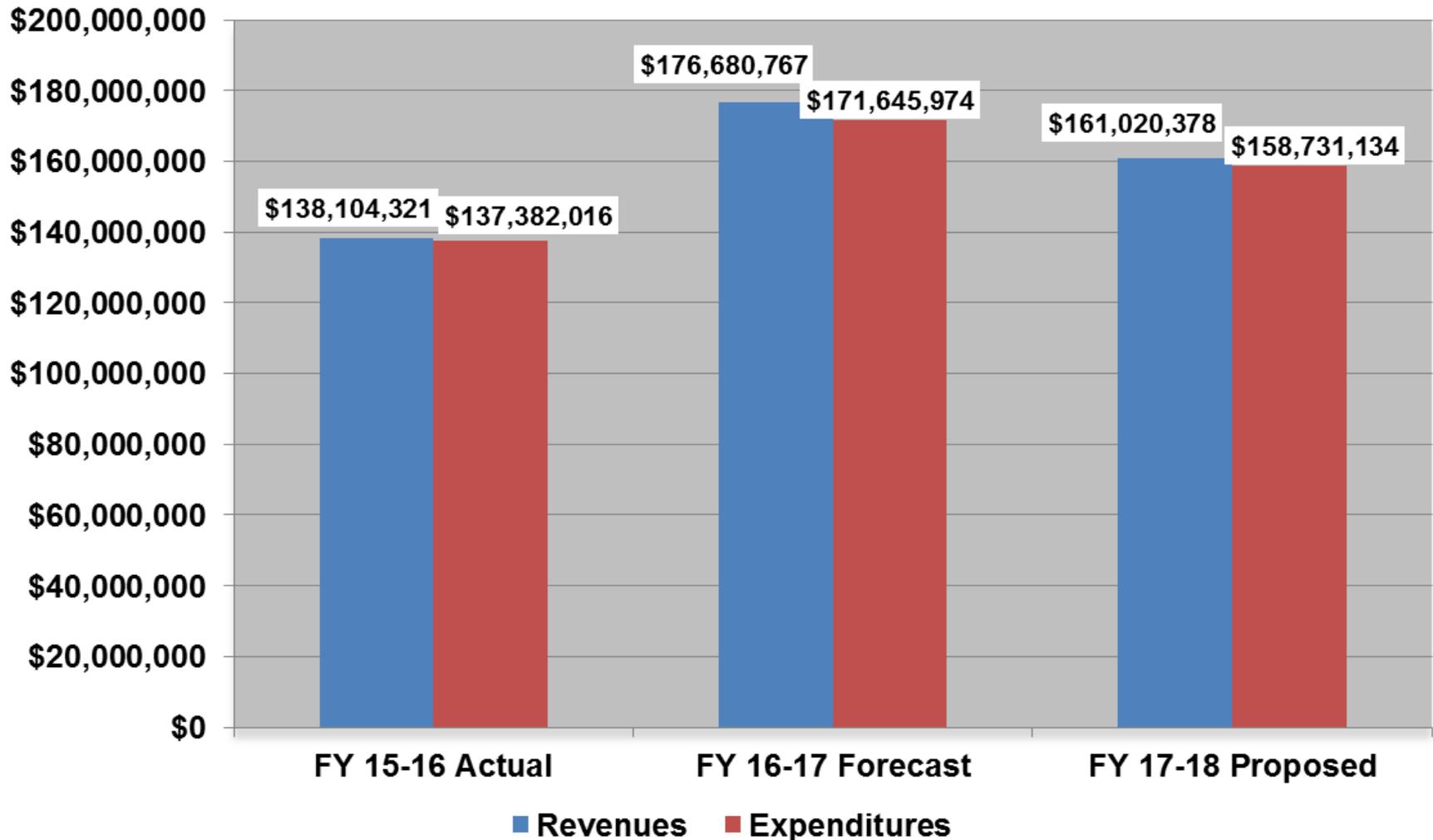
Capital financing is focus moving forward

State Budget is still a significant unknown



The City Budget

Summary of All Funds (Excludes Transfers)



City of St Charles



General Fund

General Fund Highlights

Property tax levy remains frozen

Revenue streams continue to recover

- Increased economic activity
 - Sales Taxes
 - Alcohol Tax

Expenditures continue at low levels historically

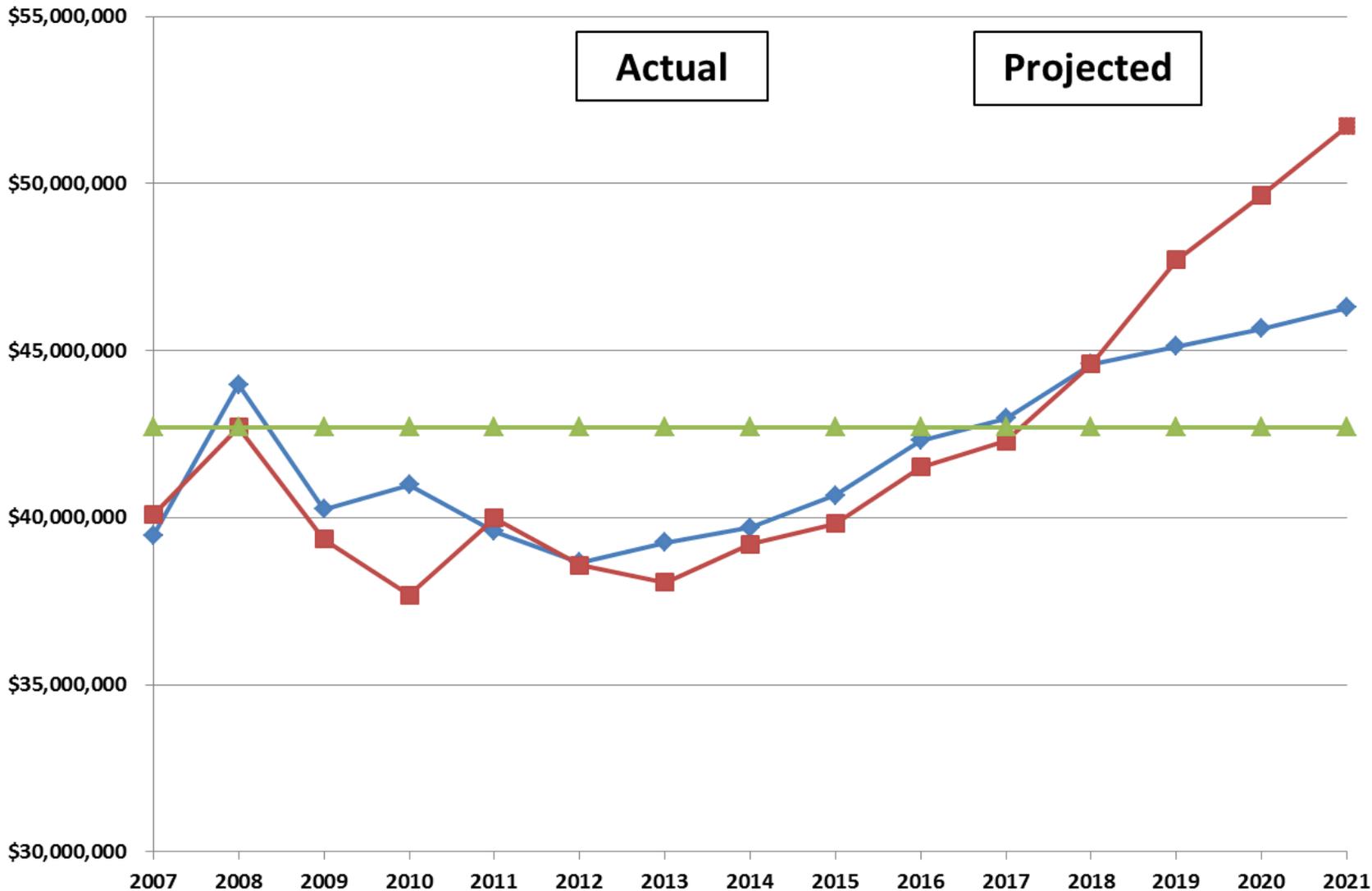
Strong performance continues



General Fund Revenues and Expenditures FY 2007 through FY 2021

Actual

Projected



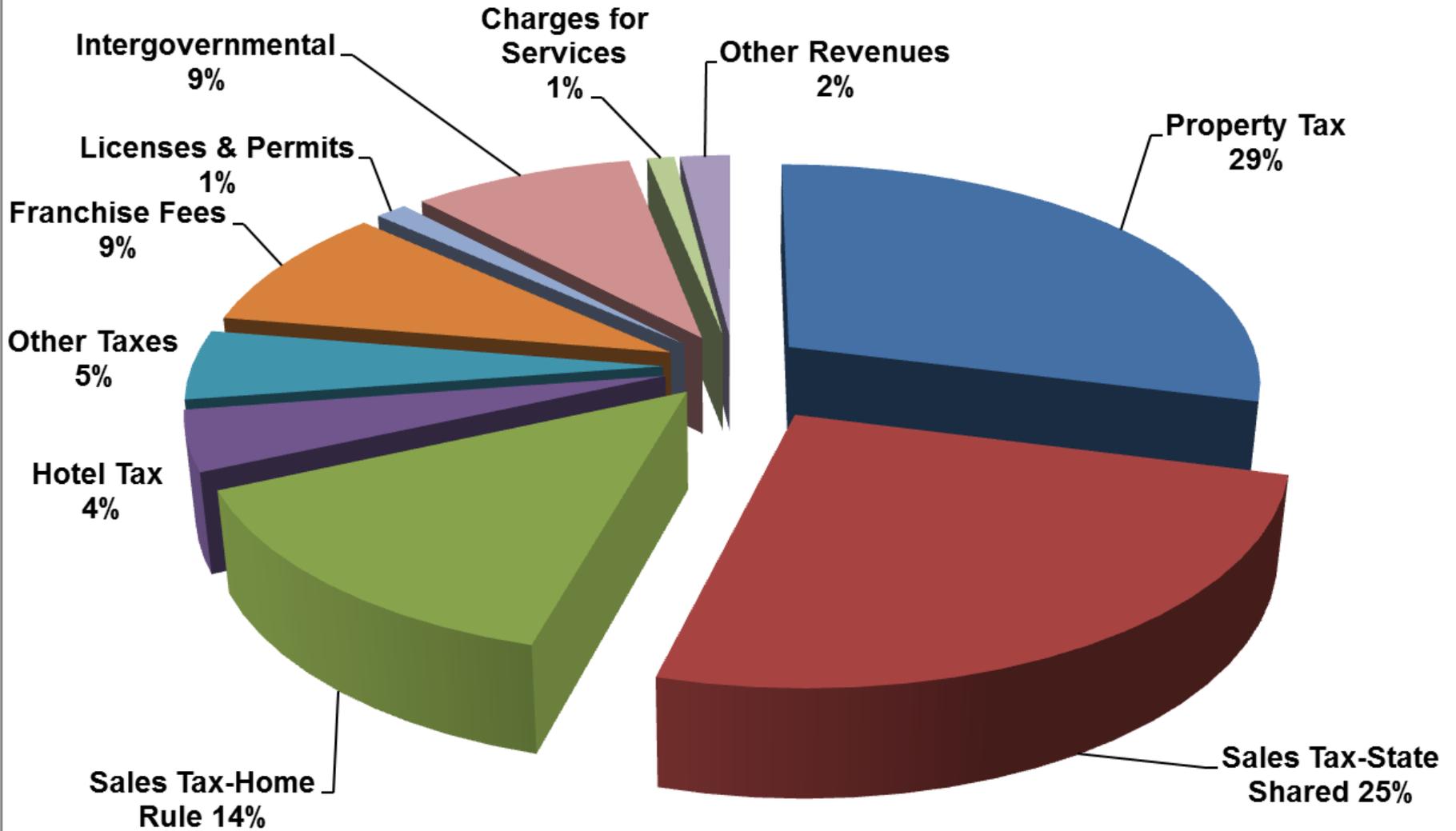
—◆— Revenues —■— Expenditures —▲— 2008 Expenditures

The General Fund

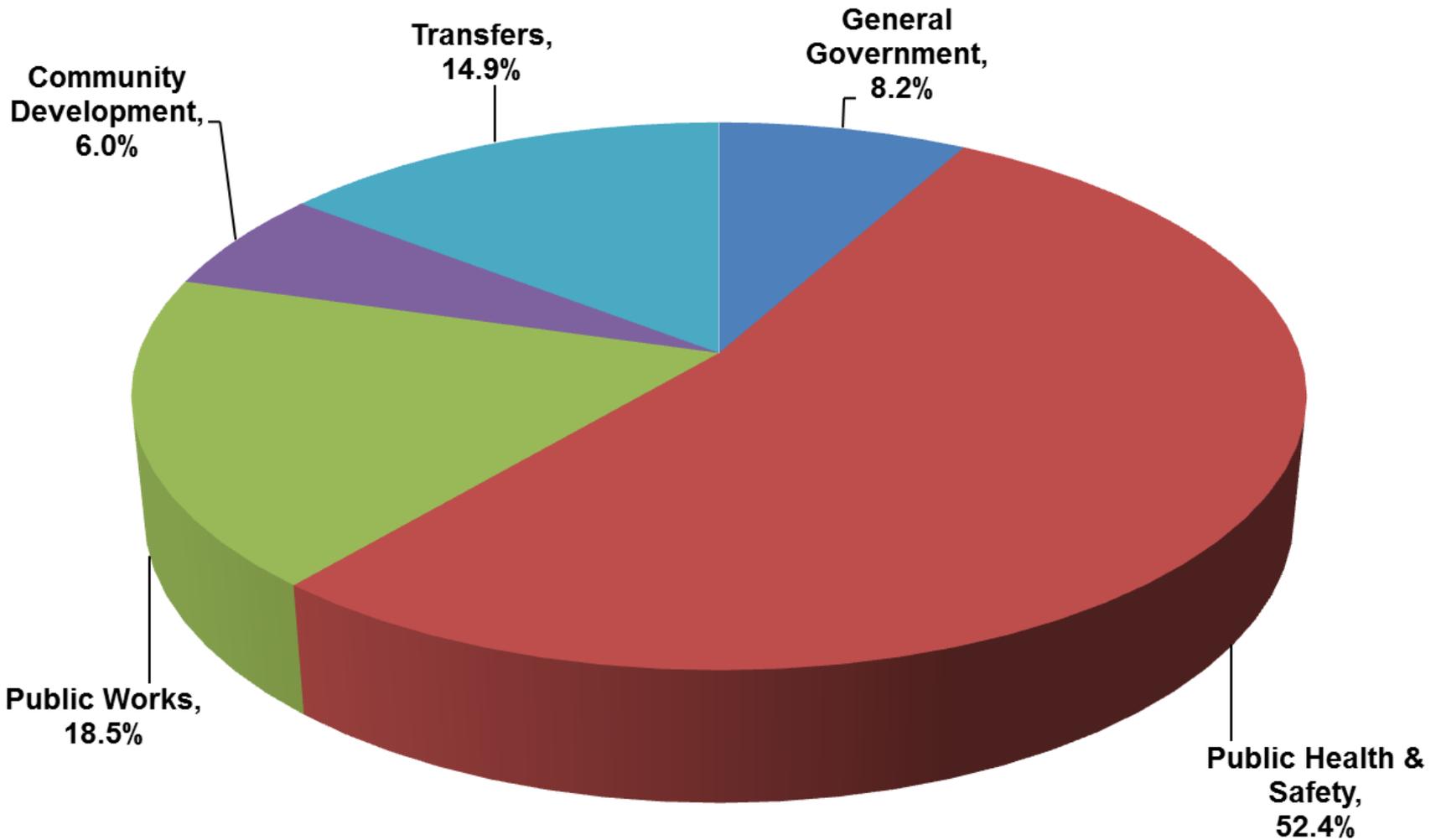
	Forecast	Proposed
	<u>FY 2016-2017</u>	<u>FY2017-2018</u>
Revenue	\$ 42,778,801	\$ 43,952,137
Operating Expenditures	<u>42,285,330</u>	<u>44,602,137</u>
Surplus/(Deficit)	\$ 493,471	\$ (650,000)
TIF Reimbursements	190,000	190,000
Dedicated Revenues	-	40,000
Use of Reserve - First Street	<u>-</u>	<u>420,000</u>
Total Financing Sources	190,000	650,000
Change in Reserves	<u>\$ 683,471</u>	<u>\$ -</u>
End of Year Reserves	<u><u>\$ 16,737,485</u></u>	<u><u>\$ 16,737,485</u></u>
Reserve Percentage	40%	38%



General Fund Revenues FY 17/18 Budget



General Fund Expenditures by Function FY 17/18 Budget



Total Budgeted Expenditures = \$44,602,137

City of St Charles



Utility Funds

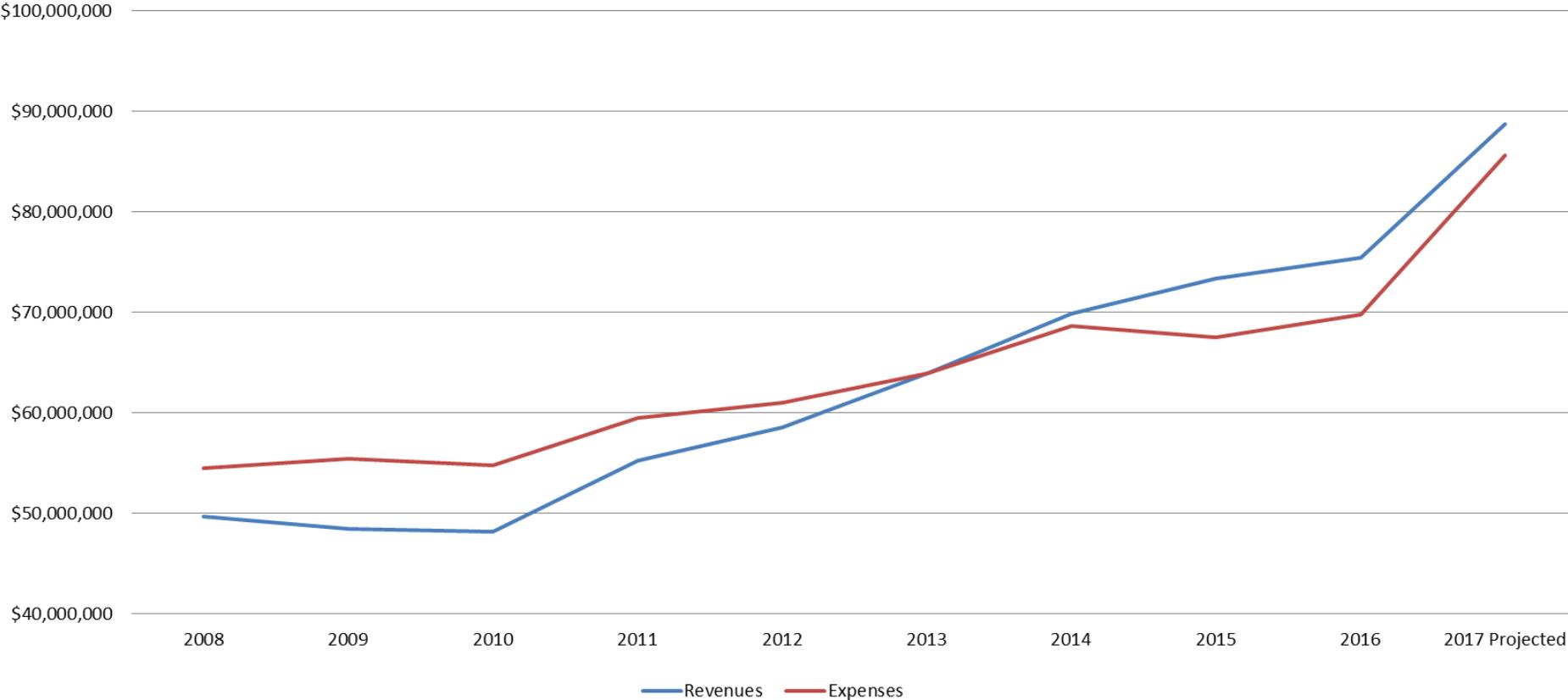
A quick look back:

Ongoing challenges in financial performance:

- Revenues were not covering expenses
- Operating deficits – Factors:
 - Consumption levels were declining
 - Wholesale power costs were increasing
 - Federal and State mandated improvements
- Council directed long term corrective action
 - Annual Review of financial condition and performance – corresponding rate adjustments

Every Picture Tells a Story....

Utility Funds' Performance Fiscal Years 2008 - 2017



Where we are currently:

Much More Positive Financial Performance

- Long term, systematic approach has worked
 - Smaller rate adjustments necessary this year
- Rate structure changes enacted
 - Operating deficits essentially eliminated
 - RESERVES IN POSITIVE POSITION – ALL 3 UTILITIES
- Capital Projects Proposed – mainly wastewater
 - Compliance with EPA mandates
 - Capital maintenance



Utility Projections

	<i>Proposed Budget FY2017-2018</i>				<i>Projected Totals 2016-2017</i>
	<i>Electric</i>	<i>Water</i>	<i>Wastewater</i>	<i>Total</i>	
Operating:					
Operating Revenue	\$ 62,943,655	\$ 6,989,808	\$ 10,250,741	\$ 80,184,204	\$ 80,085,921
Operating Expenses	<u>\$ (59,203,801)</u>	<u>(5,683,500)</u>	<u>(8,676,373)</u>	<u>(73,563,674)</u>	<u>(71,189,518)</u>
Operating Surplus/(Deficit)	\$ 3,739,854	\$ 1,306,308	\$ 1,574,368	\$ 6,620,530	\$ 8,896,403
Capital:					
Debt Issuances	\$ 2,230,000	\$ 672,000	\$ 7,108,000	\$ 10,010,000	\$ 7,874,923
Replacement Funds	-	103,000	230,000	333,000	726,731
Capital Expenses	<u>(4,664,350)</u>	<u>(2,570,192)</u>	<u>(7,890,200)</u>	<u>(15,124,742)</u>	<u>(14,387,779)</u>
Capital Surplus/(Deficit)	<u>\$ (2,434,350)</u>	<u>\$ (1,795,192)</u>	<u>\$ (552,200)</u>	<u>\$ (4,781,742)</u>	<u>\$ (5,786,125)</u>
Surplus/(Deficit)	<u>\$ 1,305,504</u>	<u>\$ (488,884)</u>	<u>\$ 1,022,168</u>	<u>\$ 1,838,788</u>	<u>\$ 3,110,278</u>
End of Year Cash Balance	<u><u>\$ 9,841,238</u></u>	<u><u>\$ 3,525,065</u></u>	<u><u>\$ 4,356,108</u></u>	<u><u>\$ 17,722,411</u></u>	<u><u>\$ 15,883,623</u></u>
Annual Billings for "Average"					
Residential Customer	\$ 1,371.27	\$ 484.79	\$ 749.33	\$ 2,605.39	\$ 2,522.75
Annual Change	\$ 22.77	\$ 16.40	\$ 43.47	\$ 82.64	\$ 132.66
Percentage Change	1.69%	3.50%	6.16%	3.28%	5.55%



Recommended Rate Structure

Electric Fund (Residential)

- Monthly charge = \$17.50 (Unchanged from FY16-17)
- Consumption Rate= 11.73 cents/kwh *(all months)*
 - Matches anticipated wholesale power cost increase

Water (All Customer Classes)

- Monthly charge = \$8.31
- Consumption = \$3.48 / 1000 gallons

Sewer (All Customer Classes)

- Monthly charge = \$17.68
- EPA Assessment = \$0.90 Fixed Monthly Charge
- Volume charge = \$5.57 / 1000 gallons



Utility Comparison – Calendar Year 2016

	<u>St. Charles</u>	<u>Geneva</u>	<u>Batavia</u>	<u>Naperville</u>	<u>ComEd</u>
Electric	\$ 1,335.47	\$ 1,193.79	\$ 1,440.62	\$ 1,271.08	\$ 1,266.80
Water	454.27	844.38	562.60	854.42	454.27
Wastewater	681.42	483.39	603.06	315.00	681.42
Total Annual Charges	<u>\$ 2,471.16</u>	<u>\$ 2,521.56</u>	<u>\$ 2,606.28</u>	<u>\$ 2,440.50</u>	<u>\$ 2,402.49</u>
Variance from St. Charles		<u>2.04%</u>	<u>5.47%</u>	<u>-1.24%</u>	<u>-2.78%</u>

Date of Rates:

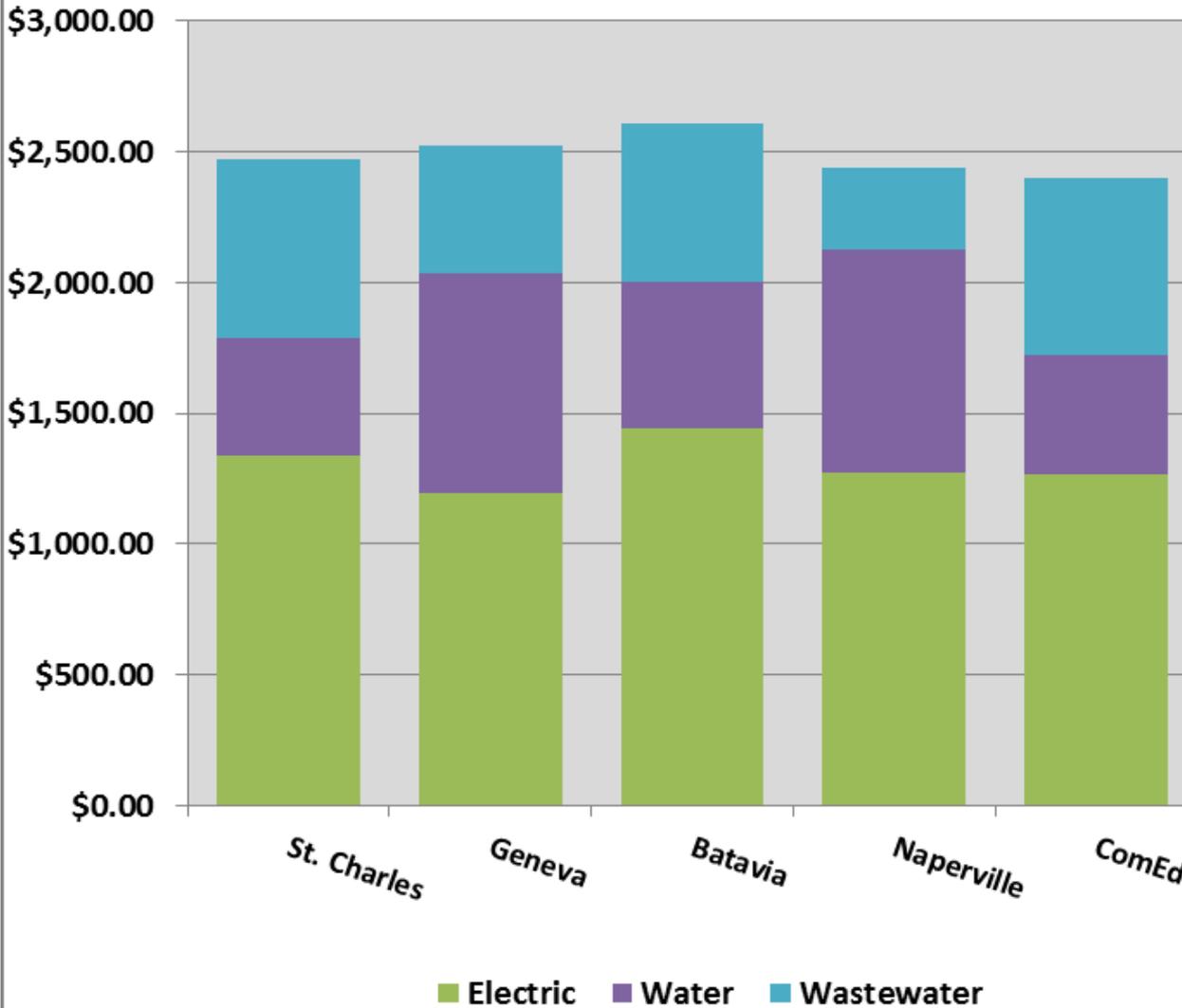
Electric	5/1/2015 & 5/1/2016	7/1/2014	5/1/2015	1/1/2016	1/1/2016
Water/Sewer	5/1/2015 & 5/1/2016	5/1/2014 & 5/1/2016	1/1/2016	5/1/2015	5/1/15 & 5/1/2016

NOTE: Includes Power Cost Adjustment Factor for 2016 as applicable.

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



2016 Annual Utility Charges For Typical Residential Customer



City of St Charles

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

Based on 5/1/2017 Rates:

Yardwaste Fee	\$	0.09
Refuse Sticker		0.15
Electric Fund		1.90
Water Fund		1.37
Wastewater Fund		<u>3.62</u>
Total Monthly Impact	\$	<u><u>7.13</u></u>



City of St Charles



Capital Projects and Staffing

Significant Capital Improvements

- Police Facility
- Seventh Avenue Creek Project
 - Continued property acquisition as available
 - Development of plans and project analysis
 - Construction projected FY's 2019 and 2020
- Rehabilitation of George's Sports
- First St Phase III Streetscaping Improvements

Significant Capital Improvements

- Active River (no specific project identified)
- Various Technology Enhancements
- Roadway Improvements
 - Main St Bridge Alcove Repairs
 - Resurfacing of:
 - 37th Ave
 - 38th Ave
 - MFT Program

Significant Capital Improvements

- Electric Substation Number 9 work
- Digester Improvements (Wastewater)
 - Multi Year project
 - Digesters at end of operational life
- Phosphorus removal
 - Construction anticipated FY 2017-2018
- Culvert Improvements along Rte 31 at City's south border (Geneva participating in cost)

Gaming Revenue

Video Gaming Revenue

- \$65,000 budgeted FY 2017-2018 ONLY
- Sunsets April 30, 2018
 - Nothing projected after FY 17-18
- Staff proposes using as a funding source for capital projects

Staffing

Staffing is essentially consistent with FY 2016-2017 Budget

- Approximately 269 FTE
- Proposing addition of one FTE in October
- Continuing use of summer interns and summer help
- Tuition Reimbursement Program Reinstated
 - \$4,000 annual limit
 - Subject to Budget Availability



Conclusion

City continues to thrive as economy recovers

- Operations are structurally sound

Outside forces continue to apply pressure

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

In a good position but continued vigilance essential



Heritage. Community. Service. Opportunity.

Questions & Comments?