

# City of St. Charles FY16-17 Budget



Government Operations Committee

March 21, 2016

# Agenda

- Recent Financial Trends
- General Fund
- Summary of Utility Funds
- Significant Capital Projects
- Staffing
- Questions/Comments



Heritage. Community. Service. Opportunity.

# Prudent financial decisions have resulted in a fiscally responsible St Charles

## Structurally sound operations and results:

- Operational revenue streams rising
- Operational expenditures remain low historically and below revenue levels
- Strong performance has led to healthy reserve levels in the 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
  - Operating Deficits Eliminated
    - Reserve Replenishment
  - All Utilities' Reserves Positive



# ***Highlights of 2016-2017 Budget:***

## **\*\* Budget is Balanced \*\***

No tax increases proposed

Staffing maintained at FY 2015-2016 level

Utility rate adjustments are proposed

- Smaller adjustments than projected last year
  - \$37 annual savings over 2015 projections
- EPA Assessment proposed
  - Environmental mandates imposed by State



# What's Ahead?

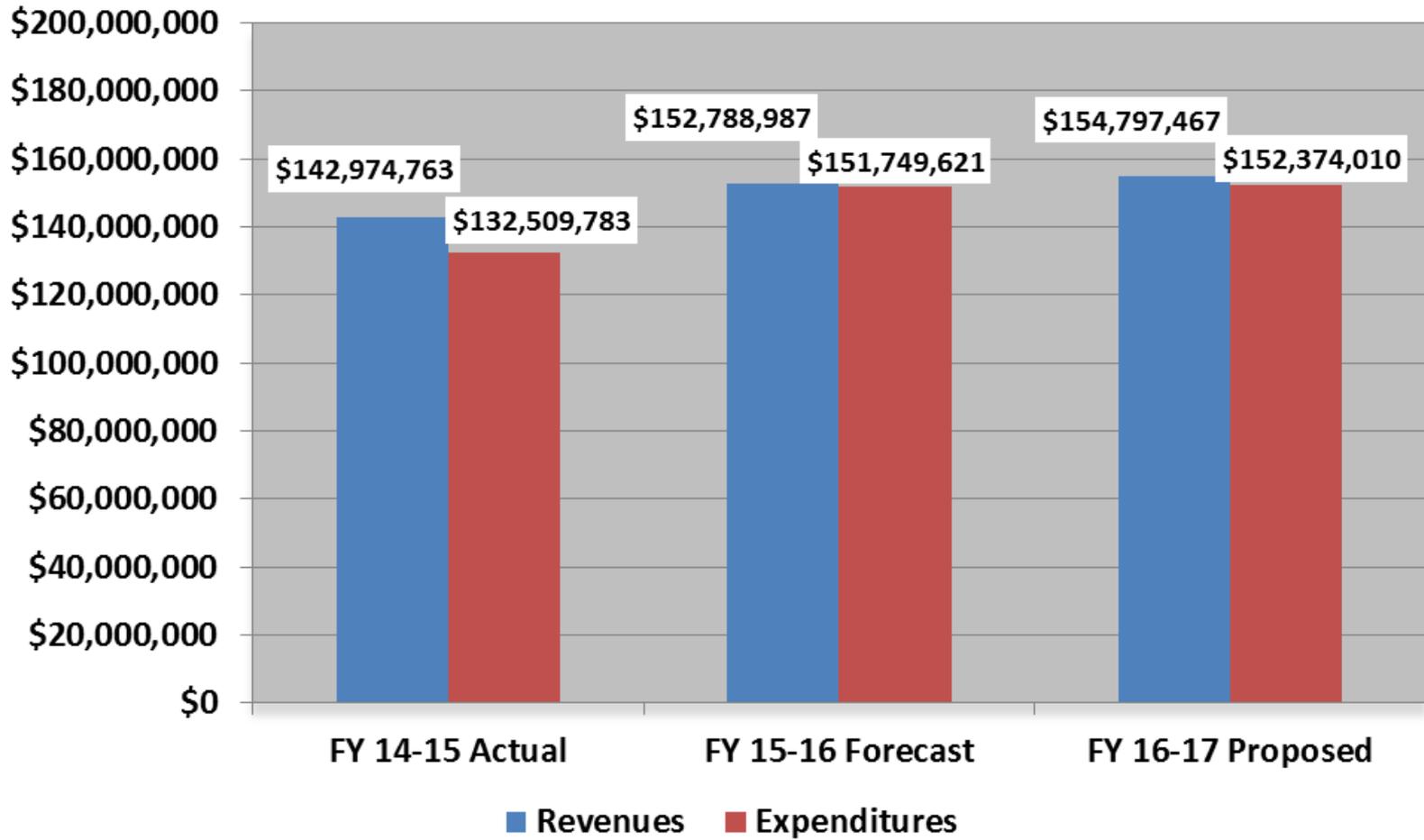
## Potential Challenges

- State Budget
- Pension Reform
- Property Tax Freeze
- Capital Projects
  - Aging of municipal infrastructure
  - Unfunded mandates



# The City Budget

## Summary of All Funds (Excludes Transfers)



# City of St Charles



## General Fund

# General Fund Highlights

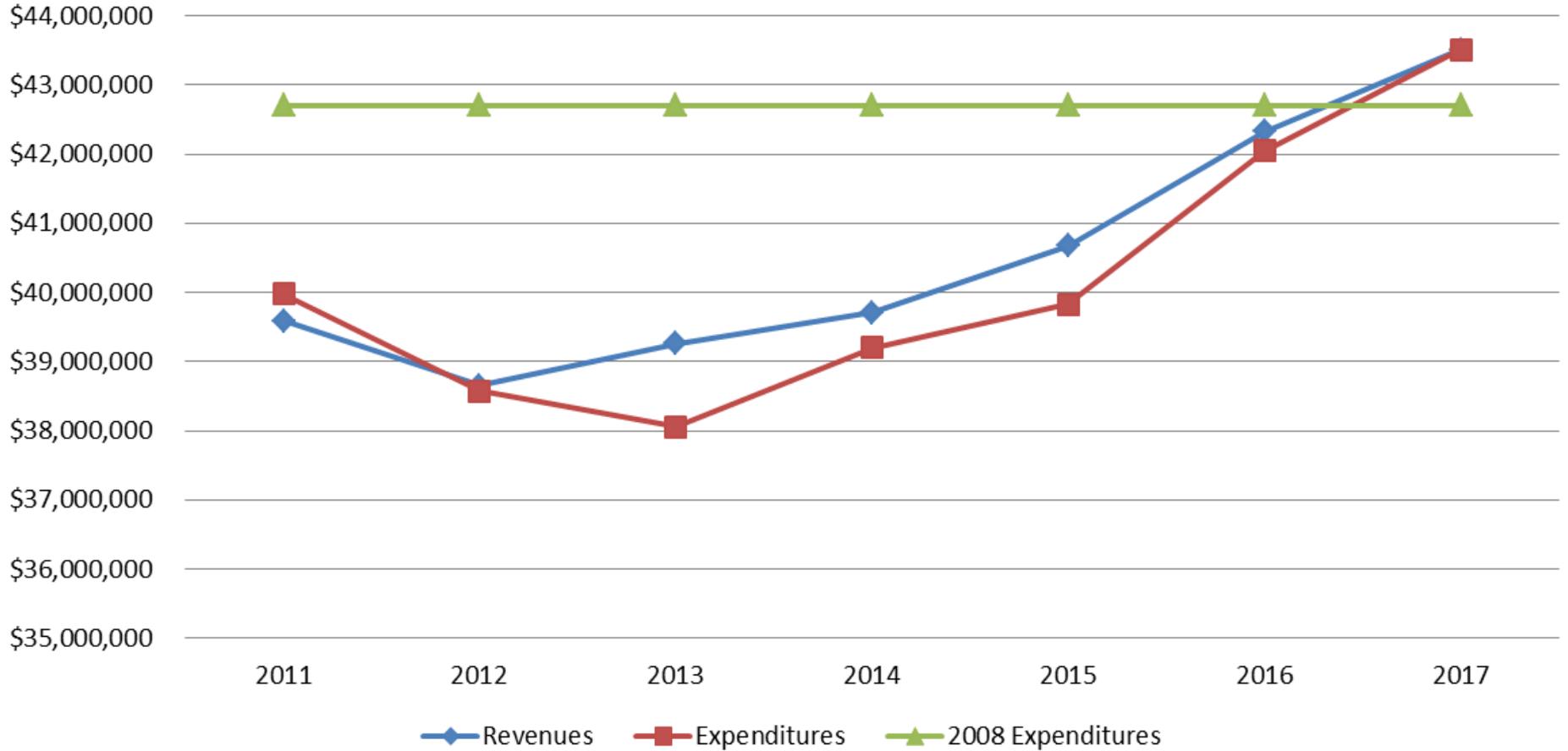
Revenue streams continue recovery

- Property tax levy remains frozen
- Increased economic activity
  - Sales taxes
  - Hotel taxes
  - Income tax shared with state
  - Alcohol tax revenue



Modest and prudent expenditure increases

# General Fund Revenues and Expenditures 2011- 2017



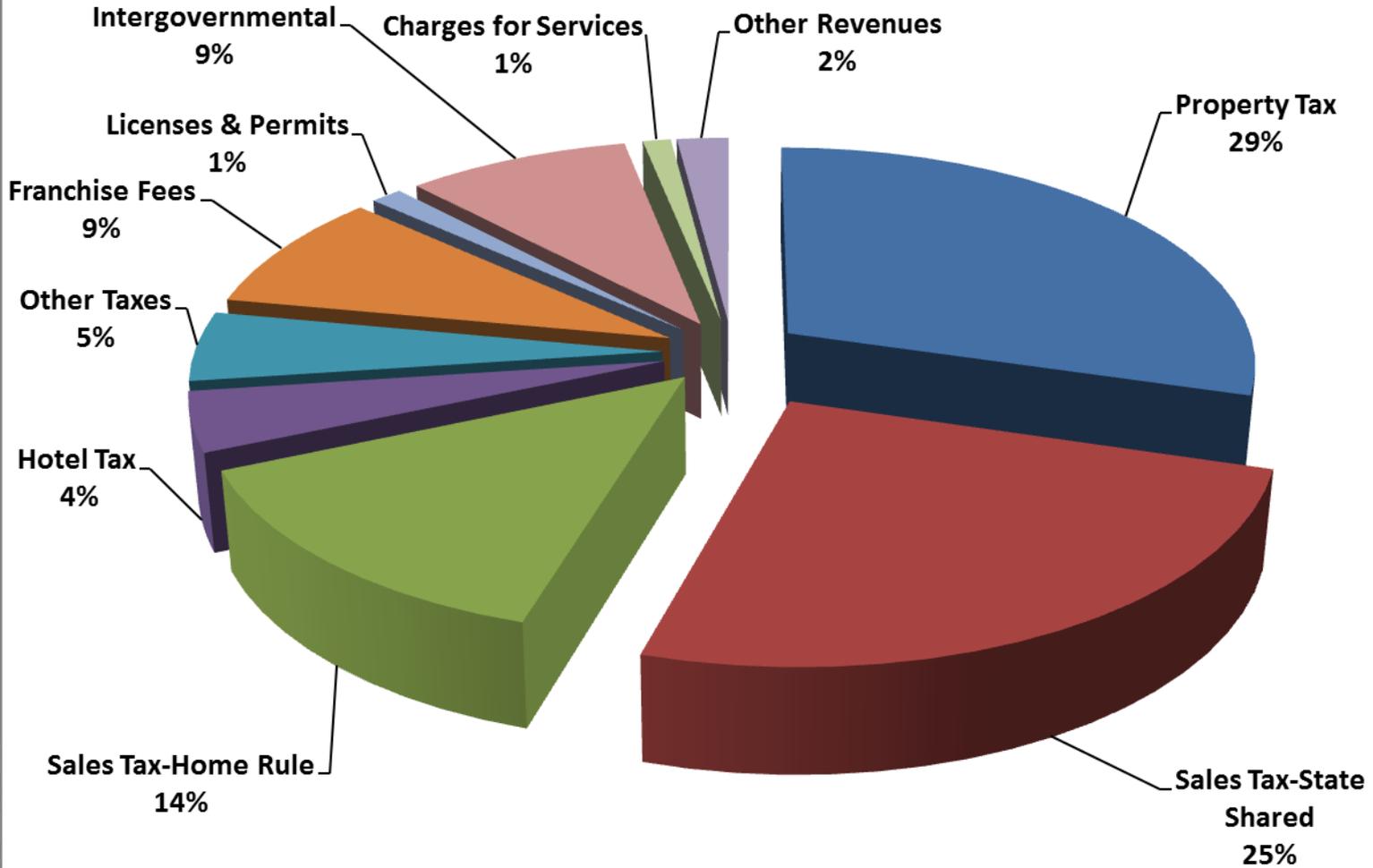
2011-2015 amounts are from the City's Comprehensive Annual Financial Report for the fiscal year ended April 30 as indicated.  
 2016 amounts based on January, 2016 projections  
 2017 amounts reflect proposed budget totals

# The General Fund

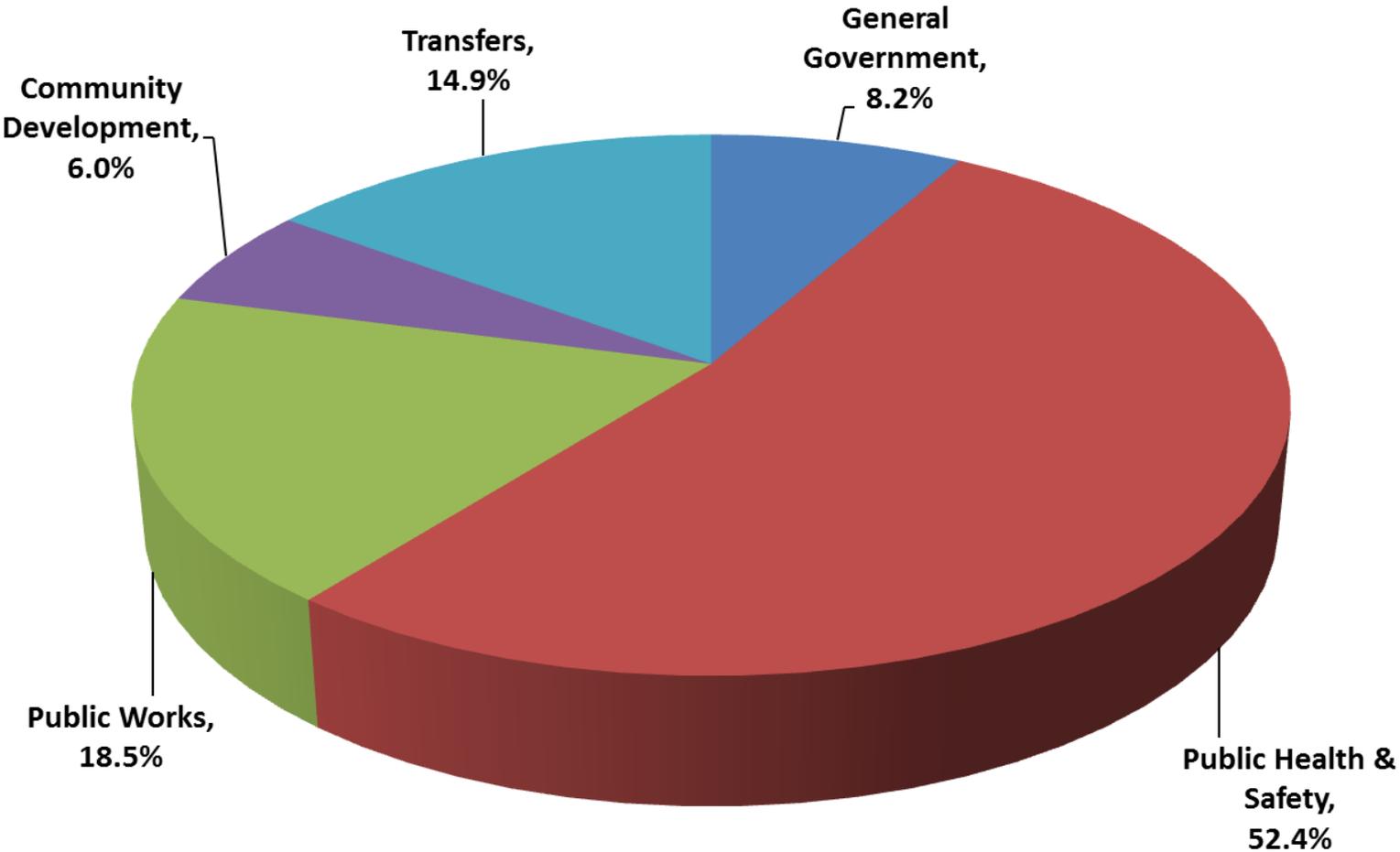
	<u>FY 2015-2016</u>	<u>FY 2016-2017</u>
Revenues	\$ 42,160,932	\$ 43,130,323
Moline TIF Reimbursement	\$ 170,000	\$ 190,000
First Street Reimbursement	\$ -	\$ 77,687
<b>Total Revenues</b>	<b>\$ 42,330,932</b>	<b>\$ 43,398,010</b>
<b>Operating Expenditures</b>	<b>\$ 42,043,014</b>	<b>\$ 43,398,010</b>
<b>Surplus/(Deficit)</b>	<b>\$ 287,918</b>	<b>\$ -</b>
<b>End of Year Reserves</b>	<b>\$ 16,902,433</b>	<b>\$ 16,902,433</b>
<b>Reserve Percentage</b>	<b>40%</b>	<b>39%</b>



# General Fund Revenues FY 16/17 Budget



# General Fund Expenditures by Function FY 16/17 Budget



Total Budgeted Expenditures = \$43,398,010



# City of St Charles



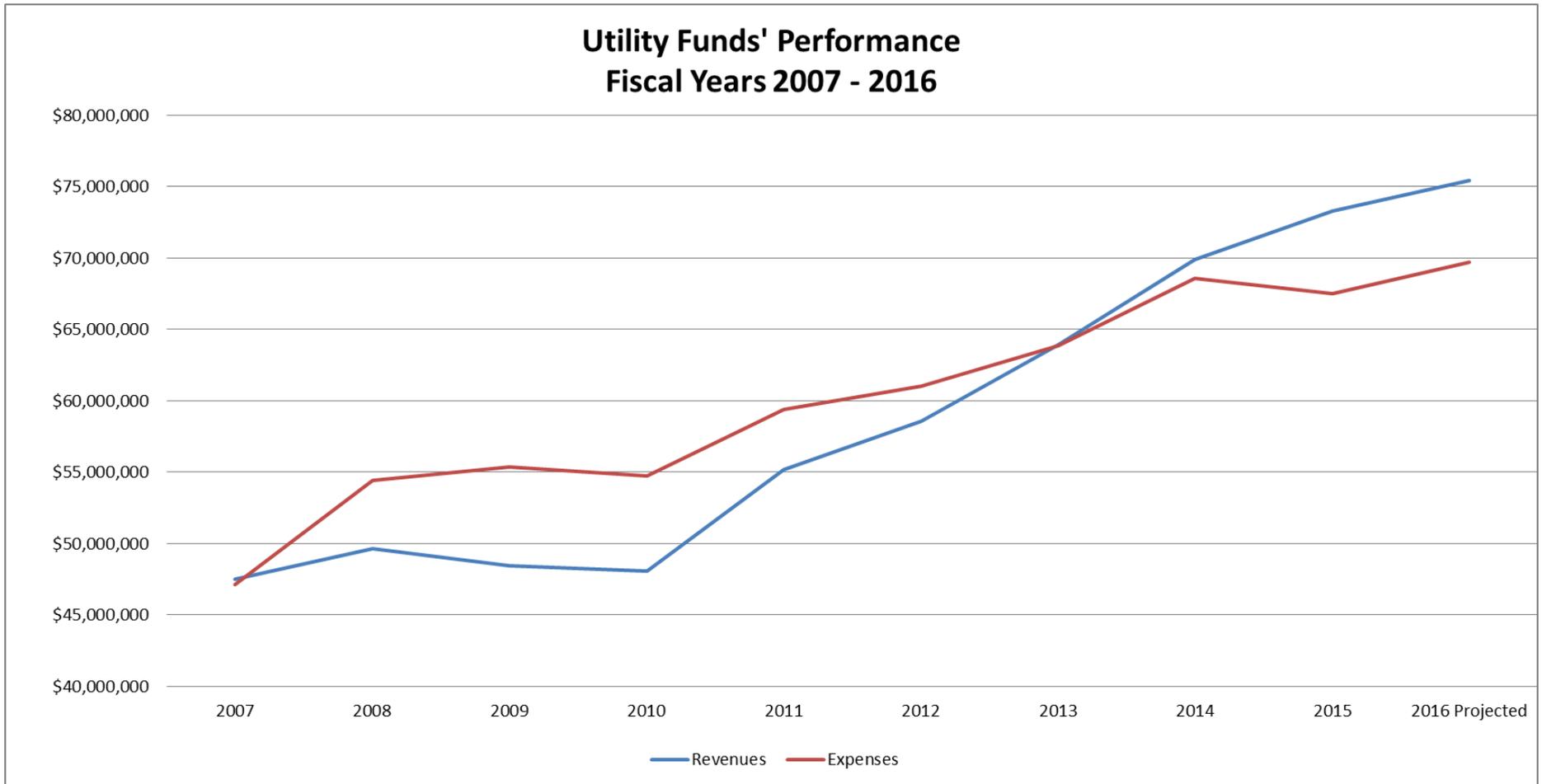
## Utility Funds

# A quick look back:

## Ongoing challenges in financial performance:

- Revenues not covering expenses
- Operating deficits – Factors:
  - Consumption levels declining
  - Wholesale power cost increases
  - 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....



# Where we are currently:

## Much More Positive Financial Performance

- Long term, systematic approach has worked
  - Smaller future rate adjustments projected
- Rate structure changes enacted
  - Operating deficits eliminated
  - RESERVES IN POSITIVE POSITION – ALL 3 UTILITIES
- Capital Projects Proposed
  - Compliance with EPA mandates
    - Fixed monthly charge beginning June 1, 2016
  - Capital maintenance



# Utility Projections

	<b><i>Proposed Budget 2016-2017</i></b>				<b><i>Projected Totals 2015-2016</i></b>
	<b><i>Electric</i></b>	<b><i>Water</i></b>	<b><i>Sewer</i></b>	<b><i>Total</i></b>	
Revenue	\$ 65,709,470	\$ 6,470,314	\$11,585,672	\$ 83,765,456	\$ 86,286,158
Cost of Service	<u>\$ 63,854,697</u>	<u>\$ 6,463,406</u>	<u>\$11,543,416</u>	<u>\$ 81,861,519</u>	<u>\$ 85,674,030</u>
Surplus/(Deficit)	<u>\$ 1,854,773</u>	<u>\$ 6,908</u>	<u>\$ 42,256</u>	<u>\$ 1,903,937</u>	<u>\$ 612,128</u>
Reserves	<u>\$ 5,121,760</u>	<u>\$ 3,575,552</u>	<u>\$ 3,483,580</u>	<u>\$ 12,180,892</u>	<u>\$ 10,276,955</u>

<b><i>Annual Billings for "Average" Residential Customer</i></b>				<b><i>2015-2016 Total</i></b>
<b><i>Electric</i></b>	<b><i>Water</i></b>	<b><i>Sewer</i></b>	<b><i>Total</i></b>	
<u>\$ 1,287.52</u>	<u>\$ 468.39</u>	<u>\$ 705.86</u>	<u>\$ 2,461.77</u>	<u>\$ 2,329.11</u>



# Recommended Rate Structure

## Electric Fund (Residential)

- Monthly charge = \$17.50
- Consumption Rate= 11.5 cents/kwh \*(all months)\*

## Water (All Customer Classes)

- Monthly charge = \$8.02
- Consumption = \$3.37 / 1000 gallons

## Sewer (All Customer Classes)

- Monthly charge = \$16.87
- EPA Assessment = \$0.45 Fixed Monthly Charge
- Volume charge = \$5.27



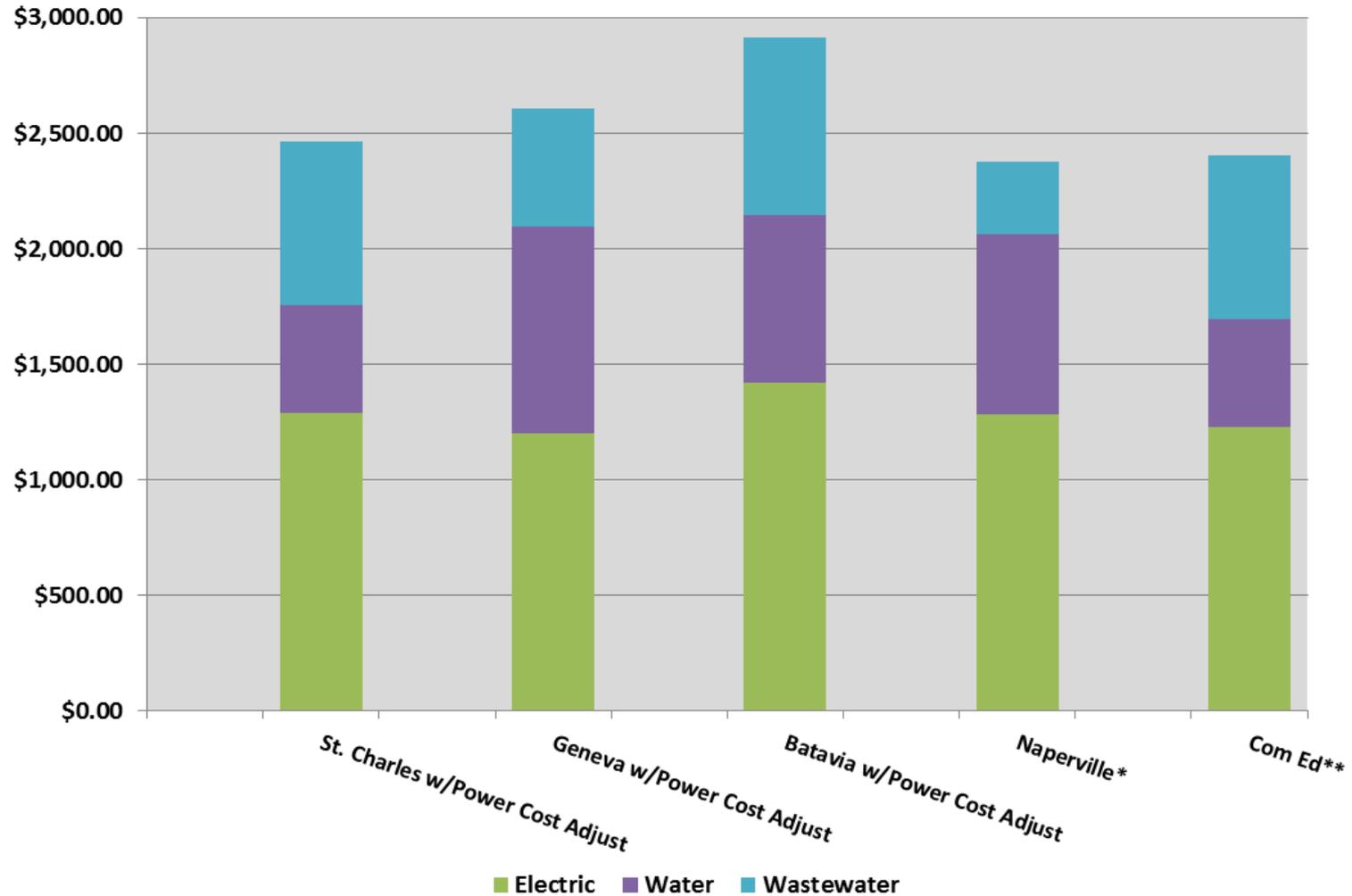
# EPA Assessment

## Fixed Monthly Charge on Wastewater Bill

- Charge will finance projects necessary for compliance with environmental standards
  - Phosphorus discharge standards
- Begins at \$0.45 per month per account
- “Escrow” type of account
  - Revenues and expenditures for compliance issues and projects tracked separately

# Utility Comparison

## Average Annual Utility Charges February 2016



## City of St Charles

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

Yardwaste Fee	\$ 0.08
Refuse Sticker	0.14
Electric Fund	2.23
Water Fund	3.58
Wastewater Fund	<u>5.27</u>
 Total Monthly Impact	 <u><u>\$ 11.31</u></u>

#### *Average Annual Utility Charges*

	St. Charles w/Power Cost <u>Adjust*</u>	Geneva w/Power Cost <u>Adjust*</u>	Batavia w/Power Cost <u>Adjust*</u>	<u>Naperville**</u>	<u>Com Ed***</u>
Electric	\$ 1,287.52	\$ 1,201.99	\$ 1,422.75	\$ 1,285.64	\$ 1,227.94
Water	468.39	895.80	720.11	778.22	468.76
Sewer	<u>705.86</u>	<u>509.06</u>	<u>767.46</u>	<u>309.62</u>	<u>705.86</u>
	<u><u>\$ 2,461.77</u></u>	<u><u>\$ 2,606.85</u></u>	<u><u>\$ 2,910.32</u></u>	<u><u>\$ 2,373.48</u></u>	<u><u>\$ 2,402.56</u></u>

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

\* Assumes Power Cost Adjustment Factor Similar to FY 2015-2016

\*\*Beginning February 2016, Naperville will implement a Purchased Power Adjustment (PPA)

# City of St Charles



## Capital Projects and Staffing

# Significant Capital Improvements

- Police Facility
  - Design in FY 2017 Construction in FY 2018
- 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

- Stuarts Crossing detention area restoration
- Roadway Improvements
  - Illinois Street bridge repairs
  - Resurfacing of:
    - Kautz Rd
    - Red Gate Rd
    - Riverside Drive
    - MFT Street Resurfacing Program

# Significant Capital Improvements

- Electric Substation Number 9 work
- Work Order, SCADA, and billing software
- Digester Improvements (Wastewater)
  - Multi Year project
  - Digesters at end of operational life
- Phosphorus removal engineering
  - Construction anticipated FY 2017-2018

# Staffing

Staffing is consistent with FY 2015-2016 Budget

- Approximately 269 FTE

Staffing costs represent 64% of General Fund expenditures

- Consistent with fiscal year 2014-2015 and fiscal year 2015-2016.
- Includes all benefit and pension costs

Currently recruiting to fill vacancies

# Staffing

<b>Department</b>	<b>FY 16-17 Budgeted FTE</b>	<b>FY 15-16 Budgeted FTE</b>	<b>FY 15-16 Actual FTE*</b>
City Administration	3.68	3.68	3.68
Community & Public Affairs	1.50	0.81	1.00
Information Systems	13.12	12.60	11.97
Human Resources	6.01	6.01	5.01
Accounting	8.00	8.74	8.00
Purchasing	1.00	1.00	1.00
Utility Billing	4.49	4.49	4.49
Police Admin/Operations	69.44	69.93	64.94
Fire Admin	7.64	7.64	7.64
Fire Operations	42.00	42.00	41.00
Public Works Admin/Eng	10.18	10.13	9.88
Public Services	25.00	25.00	24.00
Planning	4.63	4.00	4.63
Building & Code Enforce	6.00	6.00	6.00
Development Engineering	2.00	2.63	2.00
Economic Development	2.00	2.00	2.00
Electric	24.05	23.95	23.49
Water	11.92	11.92	9.00
Wastewater	14.45	14.45	13.45
Inventory	5.14	5.14	5.14
Fleet	6.00	6.00	5.00
Communications	1.00	1.00	1.00
<b>Total</b>	<b><u>269.24</u></b>	<b><u>269.11</u></b>	<b><u>254.30</u></b>

Note that this analysis is expressed in terms Full Time Equivalent employees (FTE) not headcount. FTE represents an analysis of staffing levels by taking the total number of hours worked and dividing it by 2080 to analyze workload effort. The analysis does not include budgeted overtime.

# 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





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Questions & Comments?