

Into the Unknown

Fiscal Year 2020-2021 Budget Presentation and Public Hearing

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April 6, 2020



Where the Budget Stands

Expenditures exceed revenues by \$1,163,584

- Balanced by reserves
- No tax rate increases contemplated
- Structural deficit

Two Major Caveats:

- COVID'S impacts not contemplated
- Budget assumes no cannabis revenue

Structural deficit existed before COVID impact

Where the Budget Stands

Utility funds balanced - rate increases in accordance with capital plans as outlined

- Electric = 0% - No increase to rates
- Water 9%
- Sewer 5%
- Aggressive Water and Sewer capital program planned
 - \$50 million over next 5 – 7 years
 - “Critical Path projects”

What Happened?

- Good financial results and projections initially
- Combination of revenue reductions and expenditure increases in 4Q2019
 - Loss of 2 entities providing substantial Alcohol, Hotel/Motel, and Sales Tax revenue
 - Although a dollar for dollar loss is not anticipated, the impact from the closure of these 2 facilities will be significant

What Happened?

Expenditures

- Public Safety Pension – New Mortality Tables
 - Additional expense to pension liability
 - Longer actuarial lifespan
 - \$442,000 increase for Police and Fire (mortality change only)
- \$694,000 total increase in Police and Fire Pension Funds (all factors included)
- \$964,000 total increase (14.50% increase) in total City pension costs (Police, Fire, IMRF)

What Happened?

Without these changes:

Balanced budget (pre-COVID).

- Closures have negated revenue increases from recent 2018 tax rate changes
 - Hotel/Motel Tax
 - Alcohol Tax
 - Local Fuel Tax
- New structural deficit moving forward

Addressing the Impacts

Short - term response

“Measured and Reasonable”

- Use of reserves - General Fund
- Use of Debt Service reserve – First Street
- Capital deferrals
- One-time budget reduction measures
 - Reduction of funding - vehicle reserve
 - “Dividend” payment from Risk Insurance Fund
 - Better than expected loss performance
- Manageable for one year - not sustainable long term

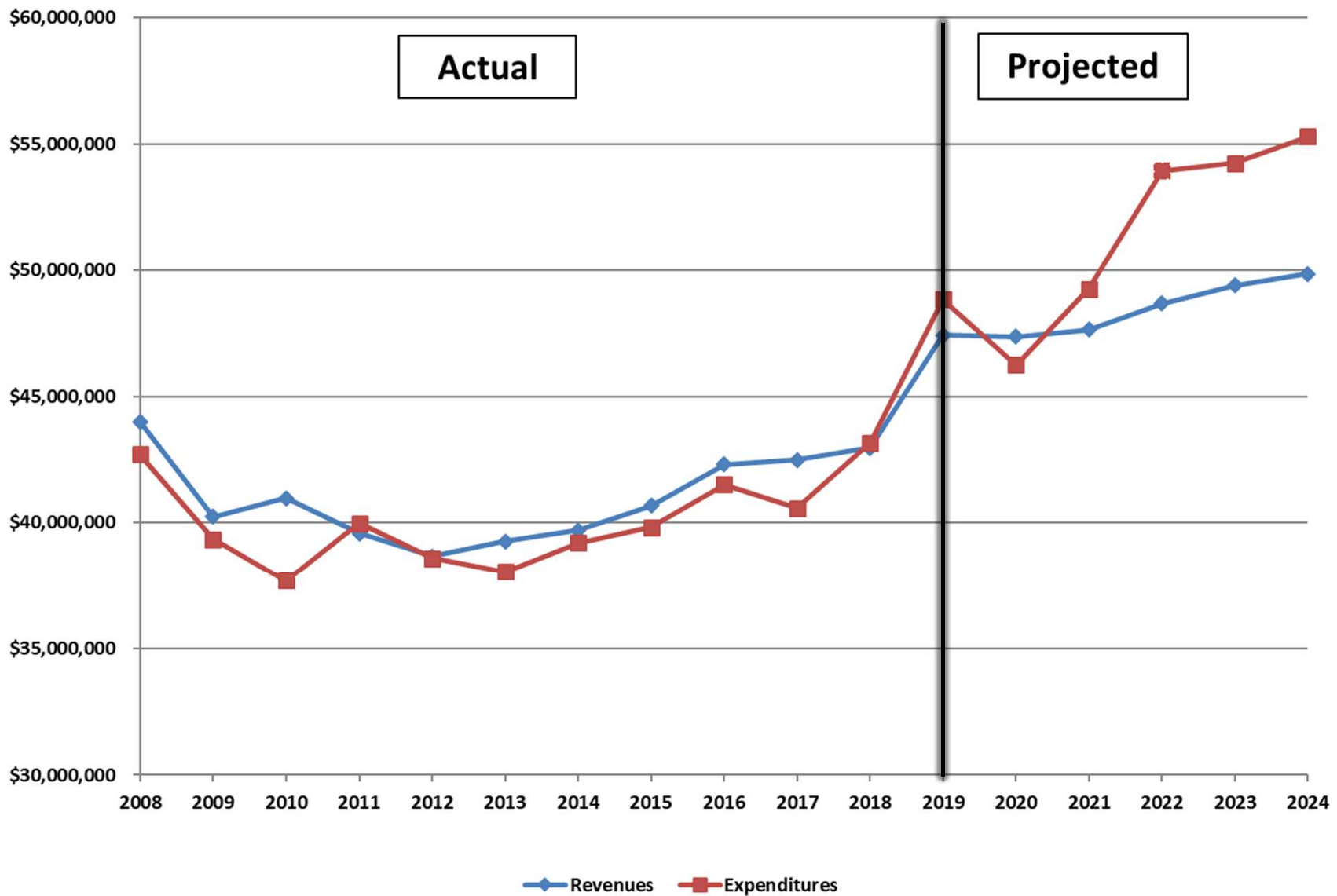
Addressing the Impacts

Longer Term – 12 -18 months

- Do we need to consider changes to:
 - Revenue structure and finances
 - Consumptive taxes
 - Service levels provided?
 - Capital projects funding?
- COVID's ultimate impacts?



General Fund Revenues and Expenditures FY 2008 through FY 2024

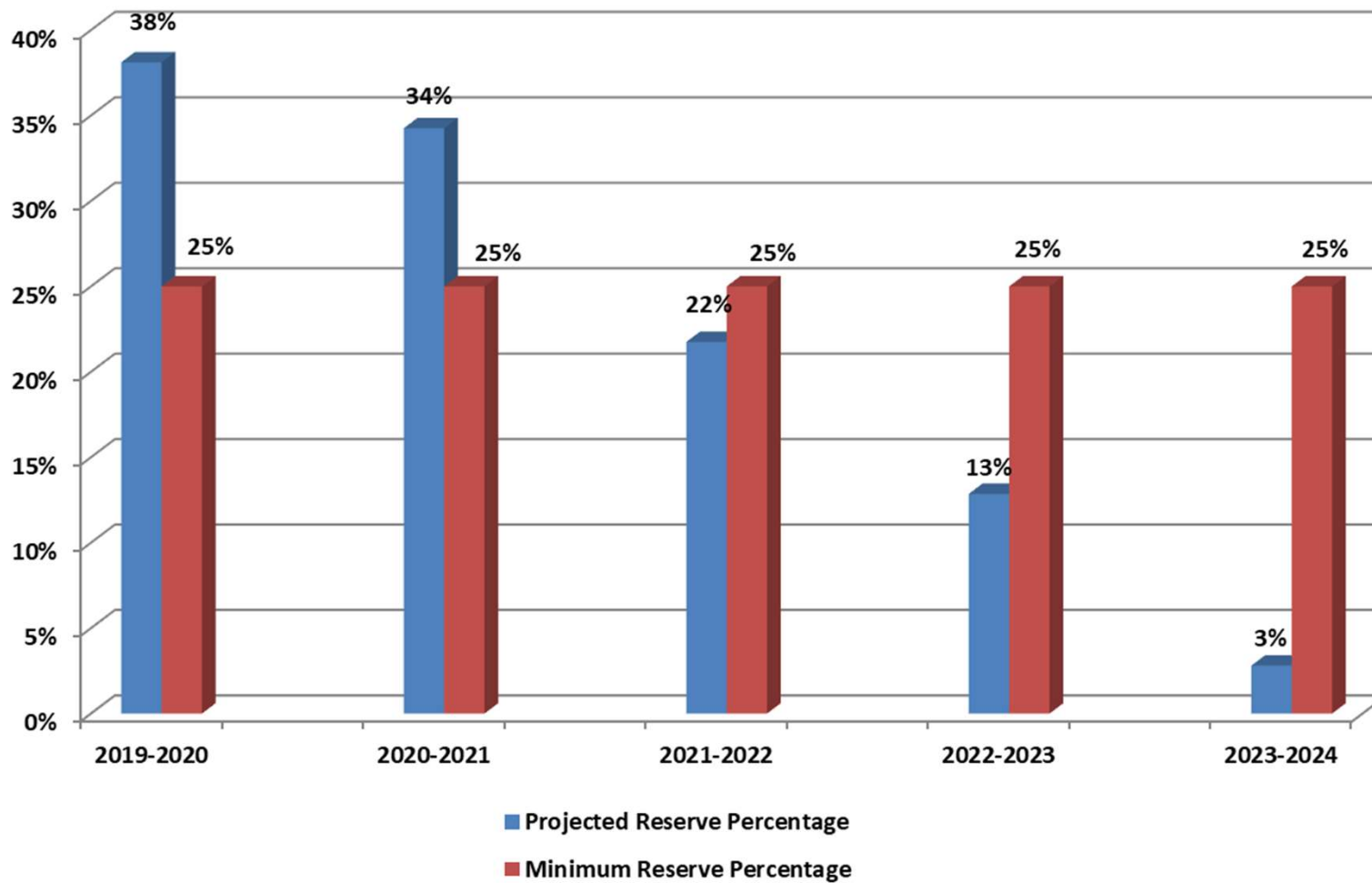


The General Fund

	<u>Forecast 2019-2020</u>	<u>Proposed 2020-2021</u>	<u>Projected 2021-2022</u>
Revenue	\$ 47,437,227	\$ 48,099,489	\$ 48,684,005
Operating Expenditures	<u>46,846,456</u>	<u>49,263,073</u>	<u>53,934,520</u>
Surplus/(Deficit)	\$ 590,771	\$ (1,163,584)	\$ (5,250,515)
TIF Reimbursements	-		
Escrow Funds	-		
Debt Reserve - First Street	<u>-</u>	<u>184,800</u>	<u>105,700</u>
Total Financing Sources	-	184,800	105,700
Operating Surplus/Deficit)	\$ 590,771	\$ (978,784)	\$ (5,144,815)
Change in Reserve Level	<u>\$ 590,771</u>	<u>\$ (978,784)</u>	<u>\$ (5,144,815)</u>
End of Year Reserves	<u>\$ 17,854,797</u>	<u>\$ 16,876,013</u>	<u>\$ 11,731,198</u>
Reserve Percentage	38%	34%	22%

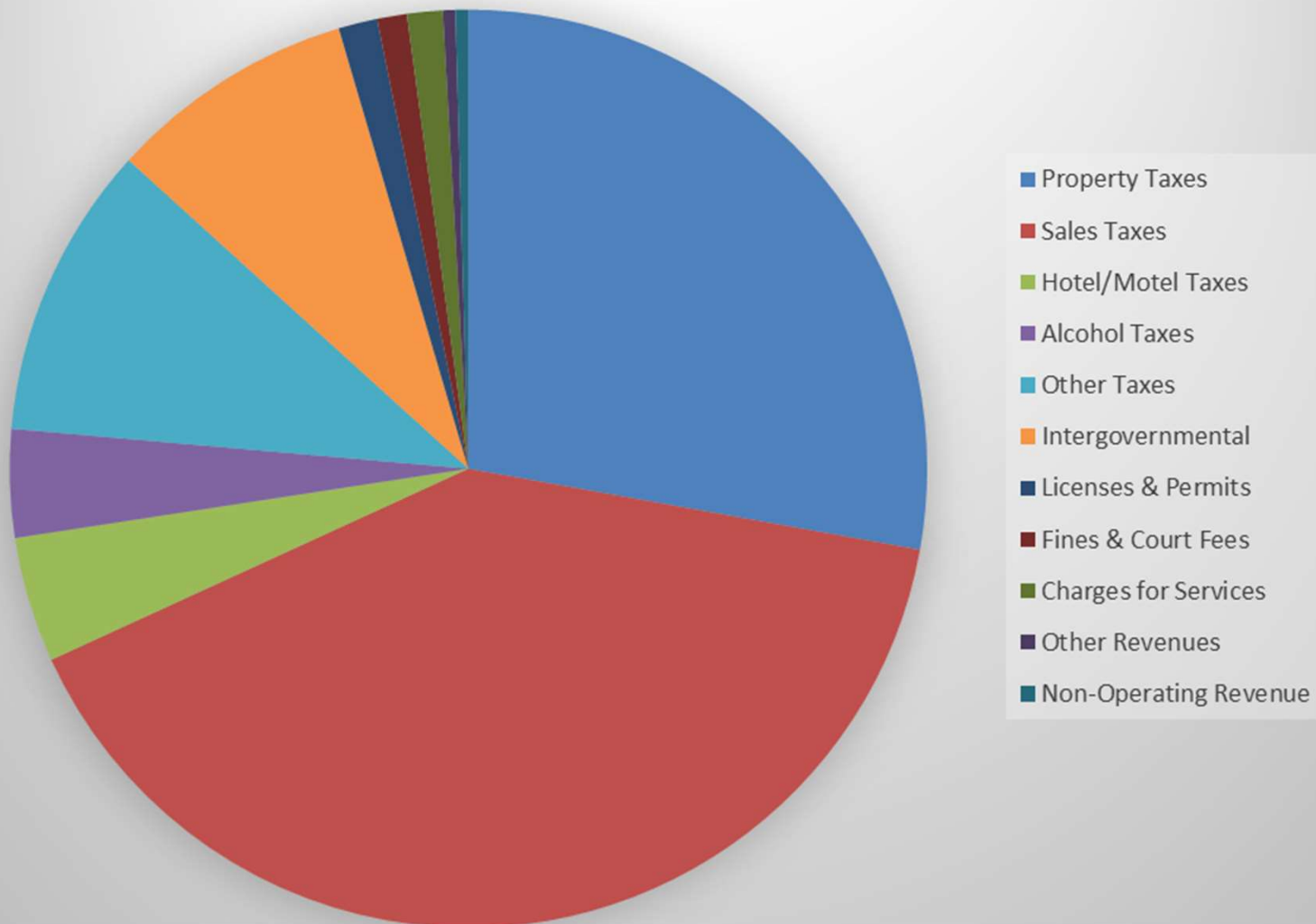
The General Fund

**General Fund Reserves - Percentage of Expenditures
FY 19/20 - FY 23/24**



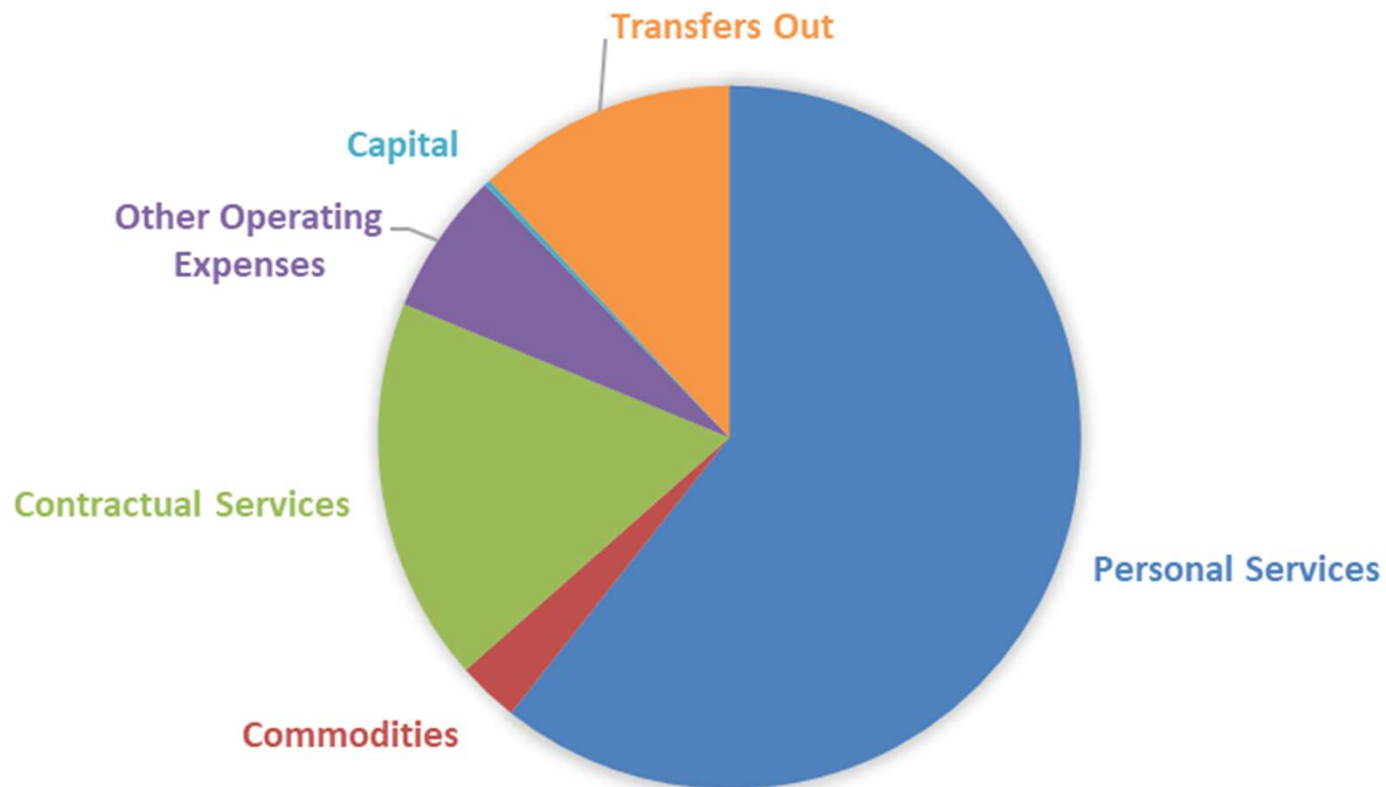
General Fund Revenues

FY20/21 GF REVENUE BUDGET

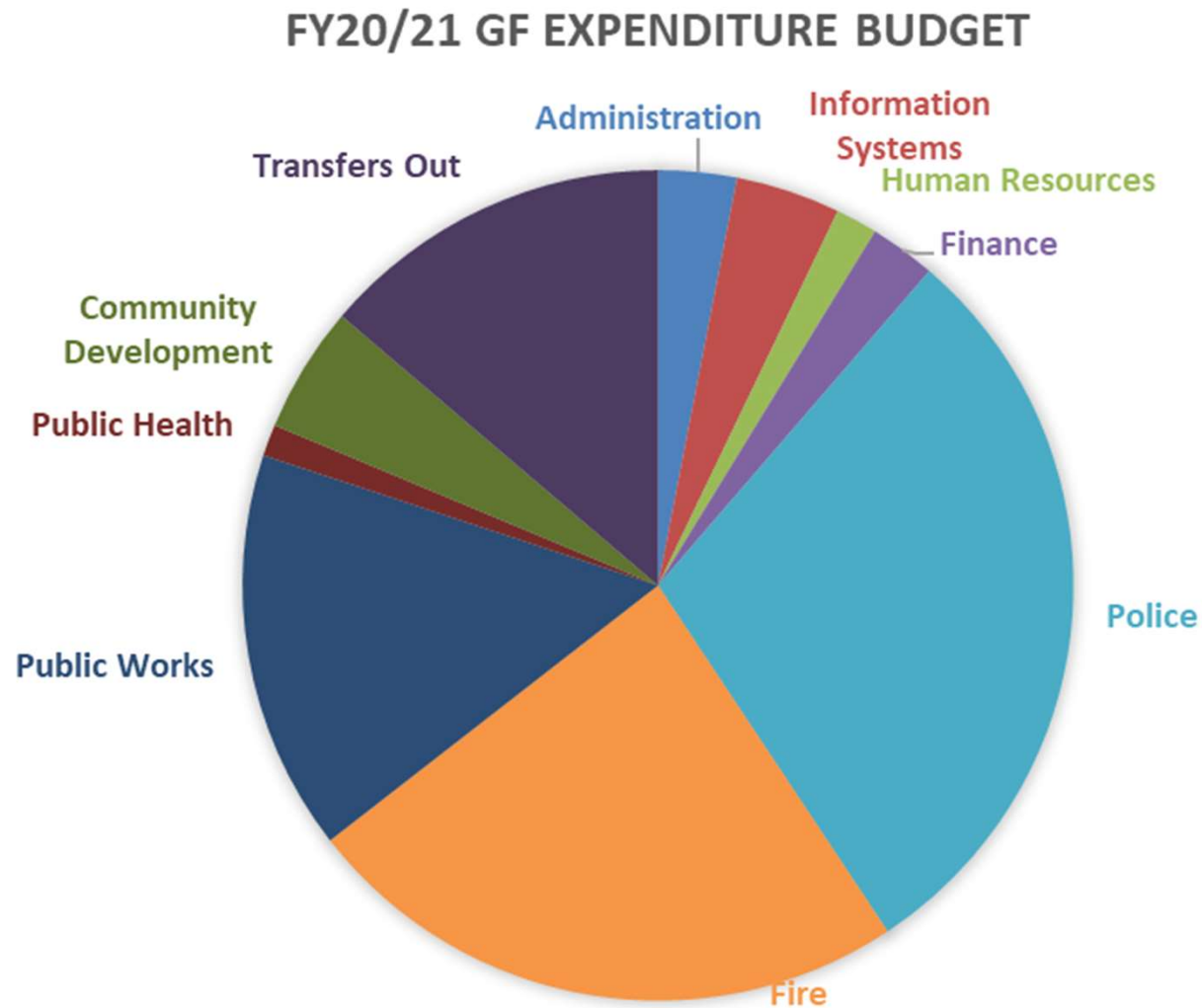


General Fund Expenditures

FY20/21 GF EXPENDITURE BUDGET



Expenditures by Department



City of St Charles
Utility Funds - All Utilities Combined
16-Mar-20

Fiscal Year

	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>	<u>2022-2023</u>
Operating:				
Operating Revenue	\$ 79,596,293	\$ 84,351,200	\$ 86,675,825	\$ 88,974,059
Operating Expenses	<u>(74,001,788)</u>	<u>(79,226,571)</u>	<u>(82,539,605)</u>	<u>(86,700,418)</u>
Operating Surplus/(Deficit)	\$ 5,594,505	\$ 5,124,629	\$ 4,136,220	\$ 2,273,641
Capital:				
Debt Issuances	\$ 7,521,263	\$ 14,374,887	\$ 18,001,715	\$ 25,422,920
Replacement Funds	857,246	937,460	857,171	914,308
Capital Expenses	<u>(17,862,081)</u>	<u>(20,843,587)</u>	<u>(25,121,744)</u>	<u>(30,388,414)</u>
Capital Surplus/(Deficit)	<u>\$ (9,483,572)</u>	<u>\$ (5,531,240)</u>	<u>\$ (6,262,858)</u>	<u>\$ (4,051,186)</u>
Surplus/(Deficit)	<u>\$ (3,889,067)</u>	<u>\$ (406,611)</u>	<u>\$ (2,126,638)</u>	<u>\$ (1,777,545)</u>
EOY Working Cash	<u>\$ 28,082,817</u>	<u>\$ 27,676,206</u>	<u>\$ 25,549,568</u>	<u>\$ 23,772,023</u>
Annual Billings for "Average"				
Residential Customer	\$ 2,808.86	\$ 2,905.67	\$ 3,030.40	\$ 3,158.88
Change	\$ 91.44	\$ 96.81	\$ 124.73	\$ 128.48
Percentage Change	3.51%	3.45%	4.29%	4.24%

Monthly Rate Impact

City of St Charles Monthly Impact to "Typical" Residential Customer

Based on 5/1/2020 Rates

Yardwaste Fee	\$	-
Refuse Sticker	\$	0.12
Electric Fund	\$	-
Water Fund	\$	4.24
Wastewater Fund	\$	3.82
Total Monthly Impact	\$	<u>8.19</u>



Annual Utility Charges

City of St. Charles Annual Comparison of Utility Charges - Typical Residential Customer February 2020

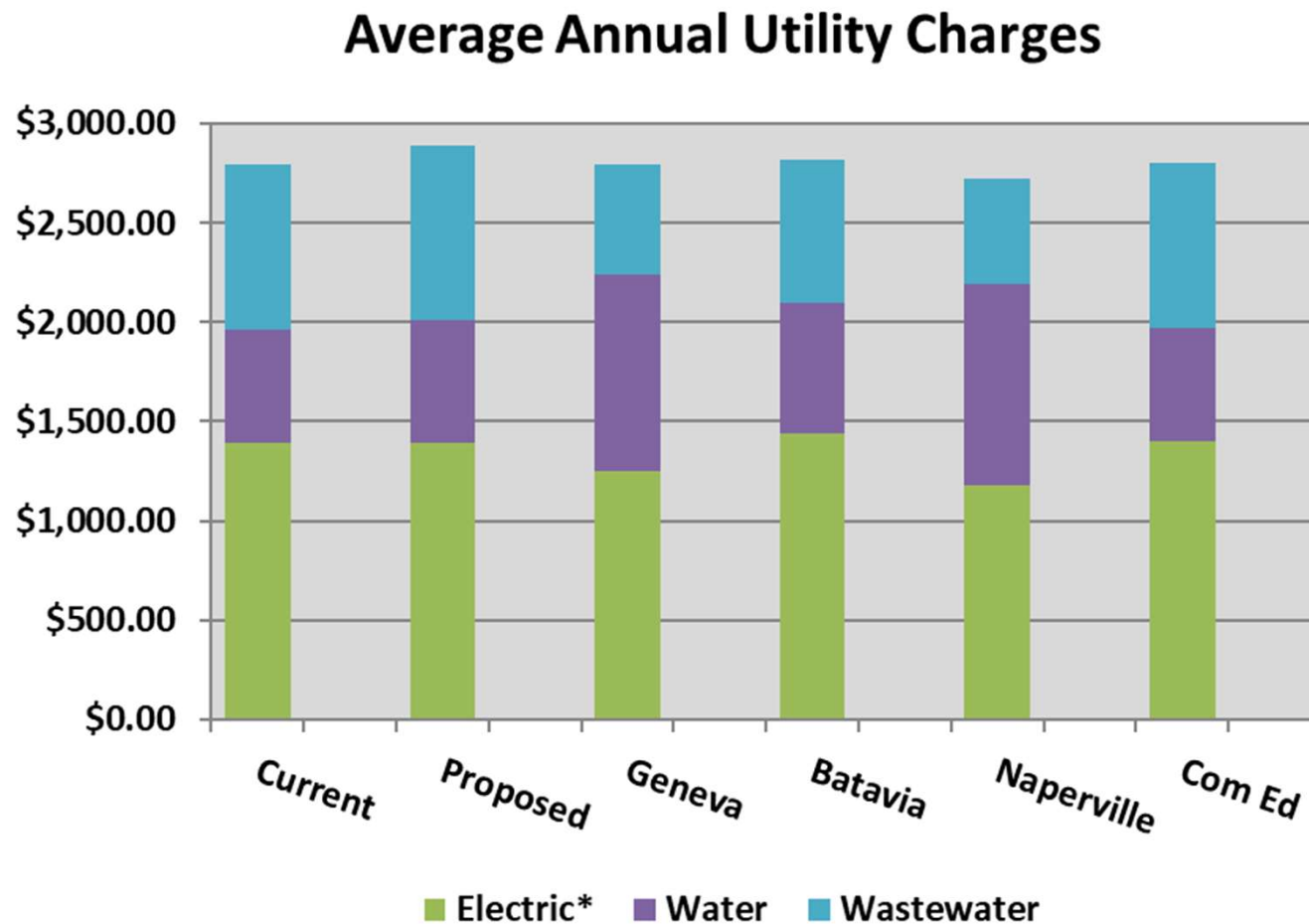
	<u>St Charles Current</u>	<u>St Charles Proposed</u>	<u>Geneva</u>	<u>Batavia</u>	<u>Naperville</u>	<u>Com Ed</u>
Electric*	\$ 1,392.33	\$ 1,392.33	\$ 1,250.60	\$ 1,438.43	\$ 1,178.25	\$ 1,401.48
Water	569.28	620.51	987.65	656.36	1,011.62	569.28
Wastewater	829.94	875.82	554.98	720.31	529.68	829.94
Total Annual Charges	<u>\$ 2,791.55</u>	<u>\$ 2,888.66</u>	<u>\$ 2,793.23</u>	<u>\$ 2,815.10</u>	<u>\$ 2,719.55</u>	<u>\$ 2,800.70</u>

Date of Rates:

Electric	6/1/2019	6/1/2020	7/1/2014	5/1/2015	1/1/2019	1/1/2018
Water/Sewer	6/1/2019	6/1/2020	5/15/2019	1/1/2019	1/1/2019	6/1/2019

* Includes the City's Power Cost Adjustment Factor.

Annual Utility Charges



Proposed Capital Projects

Will need re-evaluation in light of COVID:

- East Side Plaza - First Street Development
- Continuation of Phase 1 - 7th Ave Creek
- Technology and Network Upgrades
- S. 7th Ave Roadway Improvements
- 2nd and Delnor Roadway Improvements
- Design Engineering for Kautz Rd Project
- LED Streetlight Retrofits

Upcoming Utility Projects

- Route 31 & Roosevelt Trunk Main Capacity (under design)*
- West side WWTP expansion*
- Water Capacity Expansion Number 1 (Well 7 and 13)*
- East Side Sewer Trunk Main
- Water Capacity Expansion Number 2 (New Wells)

* - Denotes Critical Path Project

Hotel Tax Funding Requests FY 2020-2021

<i>Pride of the Fox/Heart of the Fox</i>	<i>\$ 22,000</i>
<i>St Charles History Museum</i>	<i>\$ 46,000</i>
<i>STC Business Alliance</i>	<i>\$436,600</i>
<i>Visitors Cultural Commission</i>	<i><u>\$ 90,000</u></i>
<i>Total Requests FY 2020-2021</i>	<i>\$598,600</i>

Proposed Personnel Changes FY 2020-2021

- *Addition of one Patrol Officer (Mid-year)*
- *Conversion of PT Admin position to FT – Fire Department*
- *Addition of Electric Apprentice*
- *Reclass FT position to PT (Finance)*
- *Elimination of Code Enforcement Supervisor position*
- *Eliminate PT Admin Assistant (Electric)*

Next Steps



- City Council Questions
- Public Comment
- Consideration of Ordinance Adopting Budget
 - April 6
- May 1 – Fiscal Year Begins
- Ongoing throughout Fiscal Year 2020-2021
 - Evaluation of revenue structure and service delivery
 - COVID impacts?

PUBLIC COMMENT, QUESTIONS, AND DISCUSSION



Fiscal Year 2020-2021 Budget Public Hearing

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