

SPECIAL COMMITTEE OF THE WHOLE MINUTES
January 13, 2019 AT 7 PM

ELECTED OFFICIALS PRESENT	ELECTED OFFICIALS ABSENT	STAFF PRESENT
Bruno Clements Hruby Kaven Kilburg Maladra Marks McGowan Swanson Burns	Burghart	Antenore Babica Dawkins DeGroot Kruse Landers McCready Nelson Passarelli VanGyseghem

1. Call to Order

Mayor Burns called the meeting to order at 7:00 PM noting that Ald. Burghart was absent.

2. Approve Special Committee of the Whole Minutes from May 11, 2019

Moved by Ald. Marks, seconded by Ald. Clements V/V: 9-0 Motion carried.

3. Items of Business

a. Discussion Regarding FY2021 Budget and FY 2022 Budget Projections

City Admin. Dawkins reviewed the major points of discussion on the numbers being presented. Dawkins noted that the numbers while still preliminary, were balanced. She reminded the committee that that budget hearing was scheduled for Monday, February 3rd at 7pm. Dawkins then reviewed the written questions that were submitted by the aldermen prior to the meeting (see Exhibit A). Additional questions regarding gateway signage, Prairie Green Preserve farming, status of the vehicle lease program, SEMP/electric funds, the capital funds study, and ancillary public works projects were heard. Dawkins noted that the questions (and answers) presented would be posted on the City's website.

4. New Business / Public Comment

None

5. Adjournment

On a motion by Ald. Marks, the meeting was adjourned by unanimous voice vote at 7:56 PM.
V/V: 9-0 Motion carried.

- *Submitted by Recording Secretary Fornari*

City Council Budget Questions

Page numbers refer to the Special Committee of the Whole agenda packet for January 13, 2020 posted on the City's website.

Overall questions:

1. In looking at the 2020/2021 Budget proposal, there is a large increase in both revenues and expenditures for the upcoming year, what is this primarily attributed to?

In general this increase in the overall budget can be attributed to an increase in the motor fuel tax revenues received, capital expenditures (including projects in the General Capital, Infrastructure Capital, Capital Equipment, TIF #1, TIF #2, Electric, and Water/Wastewater). As we proceed through the budget this evening we will point out where these projects are.

2. Are there any changes in staffing levels other than the requested police officer?

There are no additional proposed full-time positions. There are, however, a couple of seasonal positions contemplated in the budget to include a fleet intern and summer help.

General Fund (beginning on page 8 of the agenda packet):

1. Page 8: We received high/low estimates of revenue lines in December. Should the low number be used in the current year projected column? For example, sales tax revenue was estimated to be \$5.3m to \$5.4m.

The monthly sales tax report estimates do not take into consideration the City's sales tax abatement agreements which is a reduction of revenue for the sales tax line item. The budget numbers include the reduction of revenue due to the rebates.

2. Page 9: What is driving the increase in accounting and auditing expense from \$30k to \$36k in FY 22?

Every three years, the City is required to have an Other Post-employment Benefits (OPEB) study at an estimated cost of \$4,040. This requirement occurs in FY 22.

3. Pages 12 & 13: the heading for "personnel services" shows an increase for all departments listed. Is this basically just the percentage increases in employees wage's from last year to the upcoming proposed year?

Personnel Services includes wages, group insurance, payroll taxes, and pension expenses. The increase can be attributed to the percentage increase in employee's wages (as indicated) for both union and non-union positions; the addition of a police officer; the increase in IMRF contribution rate, and any changes in employee group health. The overall increase reflected is 2.4%.

4. Page 14: Under legislative, there is a sizeable % increase from 2019/2020 projected in the area of contractual services, is this attributed to a specific project?

The line item for Other Professional Services is remaining flat when comparing FY 2020 budget to FY 2021 budget. This line item is for expenditures relating to property appraisals, consultants, and other professional services which expenditures may vary from year-to-year dependent upon need. So far this year, we have contracted for one property appraisal (Lewis Road).

5. Police and Fire commission acct# 559, why so favorable to budget this year, then back to historic levels in 2021 and 2022?

The projection column reflects the cyclical timing of recruitments. Based upon current trends, staff anticipates the need to conduct additional recruitment and testing processes in FY 21. Over the past year, it has become increasingly difficult to develop good applicant pools and recent eligibility lists have lasted months as opposed to years.

6. Page 17: other professional services--why the dip in 19-20/define?

(I think this is the line item) This line item is reduced from FY20 because there was a one-time expense related to training and implementation of one of the modules of our enterprise resource system. For FY 21 this expense will no longer exist.

7. Page 24: police acct# 504 standby. What is standby and why does the amount of this expense vary so much year to year?

Standby is equivalent to being "on-call." Every day of the year, there is a detective and an evidence technician on standby. They have the option to take this standby pay as compensatory time or as pay. When budgeting, we evaluate the five year trend to determine how often compensatory time or pay is chosen. This account varies due to the fact that, at times, officers choose to receive pay more often than they do compensatory time and other years they choose compensatory time over pay.

In this particular instance, there was an entry error that will be corrected before the final draft. The FY 21 request should be \$22,500.

8. Pages 24 & 27. Pension expense amounts are constant from 2020 to 2022. Does this make sense in light of the assumption discussions we have had with the actuary?

Beginning in FY 2020 the City opted to contribute more than the required actuarial amount for the police and fire pensions. For FY 2021 the recommended actuarial contribution was less than what was contributed in FY 2020, as such the recommendation from staff is to keep the amount the same (as opposed to reducing the line item given those discussions). In addition, with recent legislation to consolidate the downstate public safety pensions for investment purposes, we are unsure what may transpire and have opted to project the

contribution as flat for FY 2022. Staff will continue to discuss the consolidation with the actuary to determine the best path to prepare the City for any changes.

9. Page 27: Fire services wages what is driving the large increases? Are staffing levels constant?

The current Collective Bargaining Agreement with the IAFF expires at the end of the current fiscal year. The request is an estimate based on the current number of employees and movement through the wage scale. There is no proposed change in staffing levels.

10. Page 30: Streets Division - maintenance supplies - what is driving the increase from \$220k to \$240k to \$273k?

The commodity cost and quantities for bulk road salt has varied throughout this period. Last year's unit price was \$56.50/ton, while this year the unit cost increased to \$84.73/ton. The projection is based utilizing unit prices with an anticipated unit cost adjustment.

11. Page 31: Fleet Maintenance - why is there a one year only request for Part time wages of \$7830 in account 502?

This is to secure a seasonal/intern position for the Fleet Section with the candidate recruited from a local trade/technical school. This position will assist the current staff with labor intensive projects or less technical projects (small equipment, oil changes, etc.). At the end of the year, the position will be re-evaluated and if practical, will be included in future budgets as resources allow.

12. Page 32: Engineering division - why are regular wages decreasing every year?

This figure reflects changes in staffing based on a recent retirement and subsequent changes in the allocation of wages to better reflect work being done by these positions.

Are there any other questions relating to the General Fund? Overall the budget reflects a 2% increase over Budget FY 20.

Special Revenue Funds:

1. Motor Fuel Tax – Page 34

- a. Is the increase in Motor Fuel Tax Revenue due to the state doubling the tax?

Yes, the City receives 40% more in MFT revenue due to the increase that occurred on July 1, 2019.

2. Cultural Arts Commission – Page 35

- a. Is it known why the FY19-20 donations are so low?

Donations are lower in 19-20 because the Commission did not hold an annual fundraiser. A joint appeal with the Geneva Foundation for the Arts was contemplated but not completed due to legal concerns with this approach.

3. Strategic Plan Advisory Committee - Page 36

- a. What happened to donations in the current year and why will they bounce back in 2021 and 2022? Same question for acct# 624 operating supplies?

SPAC's major event (NRC's Wine, Cheese, and Trees) has yet to take place. This will impact the projected column for both of these line items as they are directly tied to this one event.

4. Beautification – Page 37

- a. Why are revenues so low (comparing projected with budget)?

Beautification has not held an annual fundraiser and has been using their fund balance (line 499 reappropriation). This amount is not reflected in the projected column.

5. Tourism – Page 38

- a. Why are revenues so low (comparing projected with budget)?

Similar to Beautification. The current budget year and future budget years recommend using fund balance (499 reappropriation). This amount is not reflected in the projected column.

- b. Account 489 (Miscellaneous) – what is this?

This is potential matching grant revenue for the Courthouse Kiosk project.

- c. Account 559 (Other Professional Services) - \$40k what is this?

There are two projects, completion of a market study and design services for a downtown pavilion.

6. SSA #1 – Page 43

- a. What is causing the property tax amount to decrease in 2021?

The decrease is due to the reduction in the levy for the principle and interest payment due on the SSA #1 bonds.

- b. Why is acct #583 garbage disposal \$0 in the current year, but expenses budgeted for 2021 and 2022?

The projected for FY 19-20 should reflect an estimate of \$11,300 which will be updated prior to final budget.

- c. What assets is SSA1 purchasing in accounts 622 (office equipment)?

This is for the purchase of an administrative adjudication cart which will be stored in Batavia for the joint adjudication process. This allows the physical items related to adjudication to be stored and not have to be transported back and forth from Geneva.

- d. What assets is SSA 1 purchasing in account 820 (machinery and equipment)?

This expense is for engineering for repairs to the Rainman statue.

- e. What is causing the 2021 spike in police commodities and public works?

For police, the increases are as described in the previous question.
For Public Works- The current "Yield to Pedestrian" signs have been made obsolete with a new standard requiring traffic to "Stop for Pedestrians." Therefore, these additional funds replace the existing knock down signs with current signage as well as increasing the number of knock down signs for use within the Third Street corridor.

- f. What is the \$6k of seasonal wage expense in 2021?

This is for a summer seasonal position to assist with the daily functions and maintenance of the various amenities in SSA #1.

Any additional questions relating to any of the Special Revenue Funds?

Capital Projects Funds:

1. General Capital Projects – Page 60 – Define specific Capital Projects. How can I tell what amount is for which project?

Page 94 of the packet details all of the projects by fund and account that are contemplated to be included in FY 21 and FY 22 Budget. Essentially the projects identified in FY 21 relate to repairs to City Hall and other buildings. The bulk of the budgeted expenditure (\$500,000) is more of a placeholder for anticipated expenditures following completion of the facilities assessment.

2. Prairie Green – Page 62 – Rental Income (492) – what is the source and why is the projected FY 19-20 low?

The source of this income is from the Prairie Green farm lease. The City has leased approximately 245 acres for farming since 2004. Due to broken drain tiles much of the area was too wet to plant during 19-20. The City confirmed that the farmer was not at fault for the failed drain tiles and adjusted the amount due based on the actual acres planted, approximately 57 acres.

3. TIF #2 and TIF #3 – Pages 63 & 64

- a. Total Personnel Services, what does this relate to?

A portion of the personnel costs for employees who work on TIF related projects are allocated to these budgets.

- b. What is in line 485 (reimbursed expenditures)

These are anticipated reimbursements from IDOT for each TIF's portion of the East State Street construction project.

- c. What is in line 599 (Other Contractual Services)

These are funds budgeted for current and future economic development purposes. For example, this is where the incentive for State Street Coffee (Dunkin) is budgeted and the Mill Race Charrette.

4. Capital Equipment Fund – Page 65

- a. Can we go into a little more detail in regards to what is listed in this budget?

Page 95 of the packet details all anticipated expenditures for the Capital Equipment Fund, including vehicles and equipment.

- b. What is the \$1.2m in acct 493 (other financing sources)?

The loan proceeds for the financing of the Fire Truck 206 of \$1.2 million in FY 21.

- c. What is account 705 (Principal)? Is this related to leases?

The principle payments for the leases and beginning in FY 22 the principle payment for Fire Truck 206.

- d. What is 825 (Vehicles)

This is for the purchase of vehicles as outlined on page 95 of the packet (including the Fire Truck).

Any additional questions relating to the Capital Projects Funds?

Enterprise Funds:

5. Electric – Beginning on page 66

- a. Why the overall jump in 20-21 and the return in 21-22?

In FY 21, electric is anticipating building the infrastructure for SEMP area (roughly \$12M). This is not an on-going expense.

- b. Total Capital Outlay for 20-21 (please define).

Pages 96 of the agenda packet details each capital item that totals the capital outlay. A capital item is a purchase or project over \$5,000 with a useful life of over one year.

- c. In the current year projection column there are many zeros. Are these netted in the numbers provided?

This was an oversight by staff. These numbers will be entered prior to issuance of the final budget document.

- d. What is in account 493 (other financing sources), \$12.5 million.

This is the proceeds that would be received for the issuance of new debt to fund the infrastructure in the SEMP.

- e. What is driving the telephone expense (562)?

The primary driver is the dedicated copper data link between the Geneva Generating Facility (GGF) and PJM. This line is required for data transmission for loads delivered as well as generation data for energy delivery billing. This line costs will increase \$15,000 in FY21. In addition, the two dedicated lines (one for ComEd and the second for NICOR) also increased \$600 each.

- f. What drove the decreases in accounts 592 (General Insurance), 601 (Maintenance Supplies), 624 (Operating Supplies) and 627 (Motor Fuel)? All are very favorable to budget in the current year, but ramping back up in 2021.

When comparing budget year to budget year these line items remain flat. When comparing to FY 20 projected is where you see the increase. The projected is a combination of staff securing favorable purchase prices, a project scope change that resulted in lower costs as well as a decrease in staff productivity due to staff turnover. The projected number is also an estimate that could increase with 4 months left in the fiscal year.

- g. Why does account 581 (utilities) swing from \$406k in 2019, to \$308k in 2020, to \$608k in 2021 and 2022?

Again in comparing budget to budget these numbers remain flat. The fluctuation occurs when comparing projected (an estimate) to budget. Currently the difference is primarily due to natural gas consumption at GGF when in operation. However, since this energy and revenue balancing. When GGF is operating, the costs are balanced

by either revenue generation or power generation at a lower cost than the open market. Either way, whatever costs are incurred, they are offset with revenues for the utility. The projected amount is still subject to change prior to the end of the fiscal year.

- h. Please provide details on what line 40 (New Service – page 69) refers to:

New Service provides customers with the ability to modify their existing service at their cost. Examples include increasing their service size from 100 amps to 200 amps, or from converting an overhead service drop to an underground service line. In all instances, the customer pays the utility all costs to modify their service. Therefore, any expenses attributed to this division is offset by revenue.

- i. Please provide details on what line 45 (Fiber Optic – page 69) refers to:

Fiber Optic (45) includes expenses related to the maintenance of the internal fiber optic data line owned and operated by the City of Geneva. This fiber system is the communication system for the City of Geneva, Geneva School District, and the Kane County Government facilities located within the City of Geneva.

- j. Most of the capital outlay appears to be SEMP related. Will any of this expense be reimbursed through a public private financing agreement?

Capital outlay expenses for electric will be recaptured through user fees paid by future industrial end users/rate payers and some may be reimbursed through a public financing tool if approved.

- k. Why is account 592 (Projected General Insurance Expense) \$0?

This was an oversight by staff. Current expenditures in this line item total \$103,935.

- l. Account 529 (Pension Expense) – why does this account swing from \$83k to \$12k?

This line item is difficult to budget since it is based upon the returns of the IMRF retirement system in future years. This is a GASB requirement (first required in FY 18) that has no effect on the cash balance of the fund.

- m. Account 502 (part-time wages) – page 73. Why does this expense vary from year to year?

The variance is a reflection of operational changes related to the transition to electronic meters, as well as other changes to staffing and allocation of expenses. It is anticipated that this line item will continue to decrease when all meters have been converted.

- n. Division 35 – Electric Generation (page 73) – Why are there wages in the current year, but no budgeted wages going forward?

Historically, personnel expenses in this division (and New Service) are not budgeted as the actual expenses are unknown (whether the GGF will run, whether there will be new service). This expenses are accounted for in other wage lines items. When expenses are incurred they are recorded in the appropriate line item (whether or not there is a budget) and the expenses offset revenues generated.

- o. Page 75 – account 999 (Sources of Reserves) – what is the \$422,930?

Sources of reserves account is used when there are more budgeted revenues than expenditures and the overage will increase the fund balance.

Any additional questions relating to the Electric Fund?

- 6. Water/Wastewater Fund – beginning on page 76
 - a. Why do part time seasonal wages vary and spike in 2021?

This is related to the fleet service intern which is currently only budgeted in FY 21. The intern’s wages, like other positions is allocated among various funds.

- b. Account 529 (pension expense) – why does this expense vary?

This line item is difficult to budget since it is based upon the returns of the IMRF retirement system in future years. This is a GASB requirement (first required in FY 18) that has no effect on the cash balance of the fund.

Any additional questions on Water/Wastewater? Any of the enterprise funds?

Trust and Agency Funds:

- 7. Financial Service (548) pages 92 & 93 – Why is the fire expense increasing more than the police expense?

Entry error. The Fire should be 35,000; 36,000; 37,000. This will be corrected. The expense is not one that can be controlled as it is based upon a percentage of the portfolio valuation.

Other questions on Trust and Agency funds?

Questions relating to the Capital Improvement Projects (Pages 94-97)

- 1. Infrastructure Capital Projects
 - a. State Street Bridge Rail Replacement (specifics and reason)

The existing railings were installed in 1995 after an Inter-Governmental Agreement (IGA) between the City of Geneva and the State of Illinois granted the City the right but obligation to maintain guardrails that were in style with Geneva's downtown. IDOT has scheduled bridge maintenance on IL RT 38 for this summer, and staff is attempting to have the railings replaced at the same time to save on traffic control costs as well as public inconvenience by having both projects occur at the same time.

- b. Trail Head Parking Lot – will this lot be green as previously discussed as a possibility?

It is the intention of staff to deliver the project as envisioned by City Council but specifications have not yet been written.

2. Electric

- a. Green Initiative (please define)

These are energy efficiency upgrades to the utility and city facilities to include LED light conversions, light sensors, timers or other projects as identified by staff throughout the year.

- b. Community Betterment projects

These are energy efficiency upgrades to assets outside of city facilities to include LED street light conversions or other projects as identified by staff throughout the year.

- c. Miscellaneous Development

Provides for line extensions and utility plant upgrades for customers. There are planned small development projects around the City that require electrical service. This item provides funding to complete the installation of the service.