



City Council Budget Questions

Page numbers refer to the Special Committee of the Whole [agenda packet](#) for Jan. 13, 2020 posted on the City's website.

Overall Questions

1. *In looking at the 2020-21 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 No. 2, TIF No. 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 \$5.3 million to \$5.4 million.*

The monthly sales tax report estimates do not take into consideration the City's sales tax abatement agreements which are 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 expenses from \$30,000 to \$36,000 in fiscal year 2021-22?*

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 fiscal year 2021-22.

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

Personnel services include 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 the Illinois Municipal Retirement Fund 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 percent increase from 2019-20 fiscal year 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 the fiscal year 2019-20 budget to the 2020-21 budget. This line item is for expenditures relating to property appraisals, consultants, and other professional services in 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 account No. 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 on current trends, staff anticipates the need to conduct additional recruitment and testing processes in fiscal year 2020-21. 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 2019-20/define?*

This line item is reduced from fiscal year 2019-20 because there was a one-time expense related to the training and implementation of one of the modules of our enterprise resource system. For fiscal year 2020-21, this expense will no longer exist.

7. *Page 24: Police account No. 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 fiscal year 2020-21 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 fiscal year 2019-20, the City opted to contribute more than the required actuarial amount for the police and fire pensions. For 2020-21, the recommended actuarial contribution was less than what was contributed in 2019-20, 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 2021-22. 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 International Association of Firefighters Local 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 \$220,000 to \$240,000 to \$273,000?*

The commodity cost and quantities for bulk road salt have 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 on 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 \$7,830 in account no. 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.

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 fiscal year 2019-20 donations are so low?*

Donations are lower in 2019-20 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 account no. 624 operating supplies?*

SPAC's major event (the Natural Resources Committee'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 Committee – Page 37

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

The Beautification Committee has not held an annual fundraiser and has been using its fund balance (line no. 499 reappropriation). This amount is not reflected in the projected column.

5. Tourism – Page 38

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

Similar to the Beautification Committee. The current budget year and future budget years recommend using fund balance (line no. 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 historic Kane County Courthouse kiosk project.

c. *Account 559 (Other Professional Services) - \$40,000 what is this?*

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

6. *Special Service Area No. 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 Special Service Area No. 1 bonds.

b. *Why is account no. 583 garbage disposal \$0 in the current year, but expenses budgeted for 2021 and 2022?*

The projected fiscal year 2019-20 budget should reflect an estimate of \$11,300 which will be updated prior to the final budget.

c. *What assets is Special Service Area No. 1 purchasing in account no. 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 Special Service Area No. 1 purchasing in account no. 820 (machinery and equipment)?*

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

e. *What is causing the 2020-21 budget spike in Police commodities and Public Works?*

For police, the increases are as described in "question c."

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 knockdown signs with current signage as well as increasing the number of knockdown signs for use within the Third Street corridor.

f. *What is the \$6,000 of seasonal wage expense in 2020-21?*

This is for a summer seasonal position to assist with the daily functions and maintenance of the various amenities in Special Service Area No 1.

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 fiscal years 2020-21 and 2021-22. Essentially the projects identified in 2020-21 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 fiscal year 2019-20 low?*

The source of this income is from the Prairie Green Preserve 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 2019-20. The City confirmed 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. *Tax Increment Finance District No. 2 and TIF No. 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 is allocated to these budgets.

- b. *What is in line item no. 485 (reimbursed expenditures)*

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

- c. *What is in line item no. 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 \$1.2 million in account no. 493 (other financing sources)?

The loan proceeds for the financing of the Fire Truck 206 of \$1.2 million in fiscal year 2020-21.

c. What is account no. 705 (Principal)? Is this related to leases?

The principal payments for the leases and beginning in fiscal year 2021-22 the principle payment for Fire Truck 206.

d. What is account no. 825 (Vehicles)

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

Enterprise Funds

5. Electric – Beginning on page 66

a. Why the overall jump in fiscal year 2020-21 and the return in 2021-22?

In 2020-21, electric is anticipating building the infrastructure for the Southeast Master Plan area (roughly \$12 million). 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 the issuance of the final budget document.

d. What is in account no. 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 Southeast Master Plan.

e. What is driving the telephone expense in account no. 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 fiscal year 2020-21. In addition, the two dedicated lines (one for ComEd and the second for NICOR) also increased \$600 each.

- f. *What drove the decreases in account no. 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 fiscal year 2019-20 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 four months left in the fiscal year.

- g. *Why does account no. 581 (utilities) swing from \$406,000 in 2019, to \$308,000 in 2020, to \$608,000 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 Geneva Generation Facility when in operation. 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 item 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 item 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 Southeast Master Plan 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/ratepayers and some may be reimbursed through a public financing tool if approved.

- k. Why is account no. 592 (Projected General Insurance Expense) \$0?*

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

- l. Account no. 529 (Pension Expense) – why does this account swing from \$83,000 to \$12,000?*

This line item is difficult to budget since it is based upon the returns of the Illinois Municipal Retirement Fund retirement system in future years. This is a Governmental Accounting Standards Board requirement (first required in fiscal year 2017-18) that has no effect on the cash balance of the fund.

- m. Account no. 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 Geneva Generation Facility will run, whether there will be new service). These 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 no. 999 (Sources of Reserves) – what is the \$422,930?*

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

6. *Water/Wastewater Fund – beginning on page 76*

a. *Why do part-time seasonal wages vary and spike in fiscal year 2020-21?*

This is related to the fleet service intern which is currently only budgeted in 2020-21. The intern's wages, like other positions, are allocated among various funds.

b. *Account no. 529 (pension expense) – why does this expense vary?*

This line item is difficult to budget since it is based upon the returns of the Illinois Municipal Retirement Fund retirement system in future years. This is a Governmental Accounting Standards Board requirement (first required in fiscal year 2017-18) that has no effect on the cash balance of the fund.

Trust and Agency Funds

7. *Financial Service no. 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.

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 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. The Illinois Department of Transportation has scheduled bridge maintenance on State Street (Route 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 the 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.