

City Finance Committee Minutes

May 15, 2017

City Council Chambers – 7:00 PM

Present: Mayor Bouley, Councilors Todd, Herschlag, Kretovic, Champlin, Werner, Grady Sexton, Shurtleff, Coen, Nyhan, Matson, White-Bouchard, and St. Hilaire.

Excused: Councilors Kenison and Keach.

The Mayor opened the meeting at 7:00 PM and turned the meeting over to City Manager Tom Aspell for his presentation of the FY 2018 proposed budget.

City Manager Aspell delivered his [Fiscal Year 2018 Budget Presentation](#), which provided a broad overview of the proposed budget.

Following the Manager's presentation, the Finance Committee Meeting Schedule was discussed. Mayor Bouley noted that the schedule was subject to change, and that depending on what happens with the State budget, the last meeting scheduled for June 5th could end up just being a work session, with a public hearing to follow at a later date.

At this time, the Manager proposed the structure for the public hearings going forward and there was consensus from the Mayor and the City Council. The Manager then went on to discuss the Budget Summaries, the Resolutions, and the General Fund Revenue.

Manager Aspell noted that the total proposed FY 2018 budget for all funds, including Capital, is \$99,075,865.

Manager Aspell indicated that the FY 2018 budget proposes a total of 461.38 full-time equivalent (FTE) employees, which is down from 461.54 FTE's in FY 2017. He noted that, overall, this is a net decrease of .16 FTE's, which equates to 6.4 hours.

Manager Aspell explained that there is a reduction of .18 FTE's in temporary and seasonal employees. However, the number of temporary employees in the Parks & Recreation Department is going up by seven in order to staff positions where hours are needed.

Manager Aspell noted that the total General Fund budget is \$61.8 million, an increase of 3.9% or \$2.3 million over the adopted FY 2017 budget.

War service credits are up slightly (\$6,600) for FY 2018 and overlay remains the same for FY 2018 for a total of \$62.4 million. Besides property taxes, all other revenues total \$22.8 million.

The proposed amount to raise in taxes is \$39.6 million, an increase of \$1.5 million over FY 2017.

The anticipated assessed value, including estimated real growth of \$25 million, and before any market changes, is \$3.956 billion. This results in an estimated City portion of the tax rate of \$10.01, an increase of \$.33 or 3.4% over the current rate.

FY 2018 insurance costs include an increase, budget to budget, of 4.4% or \$412,000 for Beneflex and retiree health costs; a decrease in workers compensation costs of 2.3% or \$13,000; a decrease in property, liability and auto insurance costs of 1.6% or \$9,000; and a decrease in unemployment insurance costs of 34.1% or \$14,000.

Property taxes account for \$39,029,446 or 63.1% of all General Fund revenues.

Manager Aspell noted two revenue items that have positive impacts for FY 2018:

- 1) Investment income is increased by \$114,000, which is more than double the FY 2017 budget and is a reflection of the anticipated rate increases by the Federal Reserve in the next year.
- 2) The Self Insurance transfer is increased by \$400,000, leaving \$210,000 available in this reserve for future use. This was a big help in balancing this budget.

The City has an unassigned fund balance of \$10,735,579 or 19.5% of expenses. This is ahead of the City Council's goal of 18.5%. The City is in a very strong financial position.

This concluded the City Manager's presentation and the Mayor opened the meeting up for questions.

Councilor Herschlag asked if City Administration would be attempting to reduce the fund balance to the Council goal of 18.5%. The Mayor noted that this is a decision that the City Council would make.

Councilor Champlin mentioned and there was discussion about the importance of reserve funds and the City's AA rating.

The Mayor asked Manager Aspell to share what he feels the Council should be really concerned with funding, if there were no fiscal constraints. Manager Aspell indicated that the items that ideally need to be addressed are in the Capital budget, like new ambulances, drainage improvements throughout the City, and the Neighborhood Paving Program. He also indicated that we will need a new irrigation system for the golf course and we have plans to improve Kiwanis Park in the out years. He noted, however, that as interest rates increase, the City will need to be more cautious.

The Mayor also asked Manager Aspell about his confidence in the funding of the Information Technology Department, considering all the cyber security threats that exist. Manager Aspell indicated that he feels very confident in the work and funding of the IT Department. He indicated that most of what IT Director Eddie Drouse had requested was funded. Manager Aspell also said he feels confident that IT Director Drouse will let him know if he needs funding for things to improve security.

Councilor Champlin asked if Manager Aspell had adequately funded the new Economic Development Director position so that she can be effective. Manager Aspell responded that there were built in resources for the position. He also noted that there is \$400,000 in the Economic Development reserve fund which could be used for the work of this position.

With no other discussion, the Mayor noted that the next meeting would be on Wednesday, May 17th, at 7:00 PM, at which time the General Government, Police, Fire, General Services, Community Development, Library, Parks & Recreation, and Human Services budgets would be discussed.

A motion was made and seconded to adjourn the meeting. The motion passed with a unanimous voice vote and the meeting was adjourned at 8:20 PM.

Respectfully submitted,
Sue Stevens, Executive Assistant