

CITY OF WARRENVILLE

MEMO

To: Chairman and Members of the Finance & Personnel Committee
From: Kevin Dahlstrand, Finance Director
Subject: SUMMARY OF AGENDA ITEMS FOR THE 02/22/2010 SPECIAL MEETING
Date: February 17, 2010

This report is intended to provide a summary of agenda items. Please contact the City Administrator or the corresponding Department Head, by noon on the day of the meeting if you have any questions.

Note: The Committee Chairman will entertain Citizen Comments on Agenda items as the item is being discussed by the Committee of the Whole.

BUSINESS OF MEETING

1. Informational Update/Third Quarter City Council Report on Project Management and the Implementation of Strategic Plan Priorities (JC)

Finance Director Dahlstrand will provide an informational presentation to review the January 2010 Financial Update for FY 2010. The presentation will focus on the General Fund, the day-to-day operation fund of the City. The agenda materials for this item should also serve as support for the next item on the agenda.

As of January 2010, the overall revenues are projected to be 12.82% below the budgeted amounts at the end of the FY 2010. This drop in revenues is due to several factors, primarily related to the national economic recession and its impact on the local region. Locally, consumer spending has declined, reflecting in reduced sales taxes, use taxes, and amusement tax revenues. Statewide loss of jobs and increased unemployment has reduced the amount of the State's shared income tax revenue to the City.

The red light photo enforcement fines are lower than budgeted due to a reduction in the number of cameras actually installed and because of the City's success with the program – more drivers are stopping at the red lights and before turning right on red as required by state law.

Finally, due to some additional expense reductions during the fiscal year, the FY 2010 deficit is projected to be right on target with the projected budgeted deficit in the budget that was adopted in April 2009.

Committee Action Requested: No action requested

Staff Recommendation: Not Applicable

Budgetary Impact: Not Applicable

Other Resources Required: None

2. Informational Presentation and Review of City's Major Revenue Sources (JC/KD)

Finance Director Dahlstrand will give a PowerPoint presentation for use in planning for FY 2011, on the historical and current trends of the City's major revenues, focusing on Sales tax, Home Rule Sales tax, Food & Beverage tax, Simplified Telecommunications tax, Amusement tax, and Hotel/Motel tax. Finance Director Dahlstrand will also briefly address the additional revenue the General Fund anticipates receiving beginning in FY 2012, following the closure of the TIF Fund, and the effect that additional revenue will have on the General Fund fund balance in the coming fiscal years.

The recession of 2009/2010 has changed the economy (at least for the short term) and thereby made trend analysis and financial projection far more difficult than in past years. Because of this, staff has been even more conservative than in prior years in terms of revenue projections. For the City's major revenues in the General Fund, Maintenance and Replacement Fund, and Hotel Motel Fund, revenues are being projected with no increase. The only exception is the Simplified Telecommunications tax – projected to increase 2% for FY 2011.

While a larger discussion of revenues and expenses will take place at the March 6 Budget Workshop, it should be noted here that the current proposed FY 2011 Budget shows a \$1.46 million deficit in the General Fund, that will be made up through use of General Fund balance. This is a planned deficit, and is very close to the projected FY 2011 that was projected during the calendar year 2007 Financial analysis that led to the increase in the City's Home Rule Sales tax rate and implementation of a Food and Beverage tax.

Although the City is negatively affected by the recession like every other governmental unit, private business, and citizen, there are several factors that allow the City to maintain service levels and avoid a financial crisis.

1. The City operates under fiscally conservative policies and practices, such as: no general fund debt, pay as you go projects, and quality services with a lean organization
2. The City will receive an estimated \$1.8 million in new property tax and sales tax revenue in FY 2012 from Cantera, a former TIF District. Prior planning and work over the past 23 years will provide this large revenue increase to the City, and the overlapping local taxing districts, because of the Cantera development, where the EAV increased from just over \$2.6 million in 1986 to more than \$170 million in

2011, which will now provide property tax revenue directly to the City's general fund. Cantera also now has numerous sales tax generators, and the municipal portion of that sales tax will comprise a large portion of the new revenue.

Committee Action Requested: No action requested
Staff Recommendation: Not Applicable
Budgetary Impact: Not Applicable
Other Resources Required: None

3. Discussion of FY 2011 Budget Process (JC/KD)

No specific action is requested for this item. Staff will provide a brief update on the status of the FY 2011 Budget process

This item also presents an opportunity for the Committee to raise any questions or concerns that they would like to have addressed as a part of the FY 2011 Budget preparation process, in advance of the March 6, 2010, Finance Committee Budget Workshop.

The City Council Budget Workshop is scheduled for 8:00 a.m. on Saturday, March 6, 2010, in the City Council Chambers.

Committee Action Requested: No action requested
Staff Recommendation: Not Applicable
Budgetary Impact: Not Applicable
Other Resources Required: None

CLOSED SESSION

ADJOURN

JC = City Administrator, **John Coakley**
KD = Finance Director, **Kevin Dahlstrand**

ATTENTION: PLEASE SHUT OFF ALL ELECTRONIC DEVICES, AS THEY INTERFERE WITH THE SOUND TRANSMISSION IN THE CITY COUNCIL CHAMBERS. THANK YOU