

FINANCE COMMITTEE
MARCH 21, 2013

MEMBERS

Chairman Lawrence
Alderman Burtle
Alderman Vota
Alderman Jones
Mayor Brotherton

ALSO PRESENT

Jacque Nation	Ted Bailey
Alderman Walters	Steve Milling
Alderman Heberling	Ted Merrinan
Alderman Koonce	Larry Budd
Cindy Dey	Mike Crews
Jeff Hackney	Jon Wamsley

Chairman Lawrence called the meeting to order at 6:16 P.M.

Direct Energy Contract

Mr. Ted Bailey with Direct Energy informed the Committee that the Contract between the City and Direct Energy will expire November 2013. The November 2011 rate was \$.05039 and the current rate on a 24 month term beginning November 2013 will be \$.04615. The City has spent \$93,813.00 annually on the supply of energy and with an annual usage of 1,861,751 Kwhs. The rates quoted as of March 21, 2013 to renew the contract are:

12 Month - .04506
24 Month - .04615
36 Month - .05142

The projected savings with the renewal contract are:

12 Month - \$9,923.00
24 Month - \$7,894.00 per year
36 Month - \$5,864.00 per year

Mr. Bailey informed the Committee that the rate might go up or down incrementally, as it changes each day. The Committee would like for Mr. Bailey to monitor the rates until the next Finance Committee Meeting and inform the Mayor of any decrease in the rates.

Motion by Alderman Jones and seconded by Alderman Vota to recommend to the City Council to invite Mr. Bailey to the next Finance Committee Meeting to report the new rates regarding the Direct Energy Contract. Motion carried 4-0.

Optimist Club Request/Fireworks Donation

Mr. Steve Milling and Mr. Ted Merrinan representing the Optimist Club explained to the Committee that Mr. Jeff Nolen informed them that he will no longer conduct a public display of fireworks simply because of all new regulations and the expense of bonding along with the liability surrounding the display of fireworks. Mayor Brotherton stated that he would hate to see the annual fireworks discontinued but felt that the City could not use additional taxpayer money to fund the event. Mr. Milling estimated that it would cost approximately \$25,000.00 to hire a private company to provide the current quality show. The Optimist Club alone cannot raise enough donations to hire a private company to display the fireworks. Mr. Nolan would be willing to help and he felt that the company selling the fireworks might be willing to reduce their costs to avoid losing the annual sale of the fireworks.

Mr. Milling is requesting the City to help provide suggestions and options for the current quality show of funding the fireworks for the 4th of July. Funding for the 4th of July Fireworks will be discussed at the April Finance Committee Meeting and at that time Mr. Milling will update the Committee on the event's status.

Municipal Utility Tax/Funding for Fire Truck

Chairman Lawrence gave an overview of the present 3% Utility Tax. The tax originated during the 1988-89 era; generally arising for reasons of budget deficits at the time. Since inception, although the statutes provide rates up to 5%, the Council adopted 3% along with directives that 2/3 of the tax would be allotted to the Street Maintenance Fund. Although there were occasional instances of proposed increases in the rate or other specific projects for its use, the rate and division has remained unchanged.

Chairman Lawrence also explained that a referendum is not required for implementing an increase in the Utility Tax and the Council approves it by a revised ordinance, and the utility companies affect that increase on receipt of the ordinance. He also explained that the additional 2% Utility Tax increase would generate approximately \$275,000.00 a year.

The Committee discussed the pros and cons of raising the utility tax to help purchase a ladder truck for the Fire Department. Alderman Vota stated he would not support as the City recently implemented an Electrical Aggregation Plan Ordinance with First Energy to help the citizens save 1 ½%-2% on their electric bills and then we turn around and increase the utility tax 2% that would have no savings to the citizens. Mayor Brotherton stated that he would not be in favor of raising the utility tax as that might negatively affect the chances of the school's proposed sale tax referendum passing. He also shared his concerns regarding the citizens being hit by multiple tax and rate increases at the same time. He also mentioned the increase in rates charged by the Taylorville Sanitary District, the proposed sales tax increase, and the potential increase in water rates. The idea of a 1% increase as opposed to a 2% increase in the utility tax was also discussed.

Fire Chief Hackney presented information pertaining to the cost of purchasing a new ladder truck versus lease to purchase. The Committee will delay discussions on purchasing a ladder truck until all the Budgets have been reviewed.

Review/Approve-FY 2013/2014 Departmental Budgets

The Committee reviewed the Lake, Airport, and Cemetery FY 2013/2014 Budgets. Chairman Lawrence recommended forwarding these Budgets to the City Treasurer for further refinement.

Motion by Alderman Jones and seconded by Alderman Burtle to recommend to the City Council to forward the FY 2013/2014 Lake, Airport, and Cemetery Budgets to the City Treasurer for further refinement. Motion carried 4-0.

Treasurer's Report

The December 2012 Sales Tax (received in March 2013) was \$243,232.76 compared to \$234,825.65 in December 2011. The final Sales Tax total for 2012 is \$2,429,374.60 which is \$38,742.20 more than 2011 Sales Tax.

The December 2012 Non-Home Rule Sales Tax (received in March 2013) was \$97,139.88 compared to \$98,964.68 in December 2011. The final Non-Home Rule Sales Tax total for 2012 is \$1,010,186.92 which is \$17,968.86 more than 2011.

The interest earned on the Sewer Project Fund Account to date is \$181,838.88 and the current balance is \$1,134,278.83. Treasurer France reimbursed the Sewer Project Fund Account \$21,500.00 from the Sewer Bond & Interest Account for transfers made.

Motion by Alderman Jones and seconded by Alderman Burtle to adjourn. Motion carried 4-0.

Meeting adjourned at 8:25 P.M.

John Lawrence, Chairman
Finance Committee