



Office of the Mayor
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June 11, 2013

To: Urbana City Council

From: Laurel Prussing

Re: Growth of Major Revenue compared with Growth of Personnel Costs

The attached two charts show the effects of the recession and the recent Carle withdrawal from the property tax base on our General Corporate Fund. I have singled out three major revenue sources: property taxes, sales taxes and the state income tax to illustrate the impacts we have faced and continue to face.

Personnel costs include wages and fringe benefits. The costs of health insurance and pensions have grown faster than increases in wages.

These charts show the need to hold the line on wages and fringe benefits until we can get adequate growth in revenue.

We will be analyzing ways to make up for the loss of Carle property taxes. We will also come up with ways to hold the line on health care costs while still providing good health care coverage for our employees. This will be done in discussions with administrative staff and the city council as well as with employees and the public.

I would recommend that we keep next year's levy at the same dollar amount that we will receive this year. Even holding the dollar amount constant, taxpayers will still get a higher tax bill next year because of the Carle effect on all Urbana taxing bodies. I do not think we should add to this burden by instituting new taxes on the general public when they will be asked to pay more for health care as well as shoulder the burden of Carle's claims for its cost of charity care for 1.2 million people who do not live in Urbana.

In the meantime, in discussions with Comptroller Bill DeJarnette, Mike Monson and council members, we have come up with some other cost-savings and revenue increases for immediate implementation in the 2013-14 budget which takes effect July 1, 2013.



City of Urbana Three Largest Revenues Fiscal 2005-06 through 2013-14

Year	Property Tax (non-TIF)	Sales Tax	Income Tax	Subtotal	Growth
2005-06	5,830,474	6,270,601	3,320,840	15,421,915	
2006-07	6,158,790	7,865,319	3,748,929	17,773,038	15%
2007-08	6,617,091	8,482,960	3,951,489	19,051,540	7%
2008-09	7,030,117	8,432,401	3,769,258	19,231,776	1%
2009-10	7,173,357	7,634,471	3,380,152	18,187,980	-5%
2010-11	7,245,403	7,887,578	3,576,305	18,709,286	3%
2011-12	7,242,300	8,304,867	3,816,219	19,363,386	3%
2012-13 est.	7,242,301	8,353,040	4,078,576	19,673,917	2%
2013-14 est.	6,878,711	8,532,372	4,160,148	19,571,231	-1%
				L.L.P. 6/10/13	

Personnel Costs City of Urbana
Fiscal 2006-07 through 2013-2014

Year	Personnel Costs*	Growth
2005-06		
	\$17,916,320	
2006-07		
	\$19,102,941	7%
2007-08		
	\$20,341,900	6%
2008-09		
	\$21,644,050	6%
2009-10		
	\$21,757,430	1%
2010-11		
	\$21,974,312	1%
2011-12		
	\$23,538,880	7%
2012-13 est.		
	\$23,915,300	2%
2013-14 est.		

*General Fund Budgeted Amounts

L.L.P. 6/11/13