

VILLAGE OF DOWNERS GROVE
REPORT FOR THE VILLAGE COUNCIL WORKSHOP
NOVEMBER 11, 2008 AGENDA

SUBJECT:	TYPE:	SUBMITTED BY:
Revisions to the FY09 Recommended Budget	Resolution Ordinance Motion ✓ Discussion Only	David Fieldman Village Manager

SYNOPSIS

Revisions have been made to the FY09 Recommended Budget based on the discussion at the October 11, 2008 budget workshop. Revisions are included in the following funds:

- General Fund
- Motor Fuel Tax Fund
- Downtown TIF Fund
- Capital Projects Fund
- Stormwater Improvement Fund
- Parking Fund
- Equipment Replacement Fund
- Police Pension Fund
- Fire Pension Fund

STRATEGIC PLAN ALIGNMENT

The Five Year Plan and Goals for 2007-2012 identifies *Exceptional Municipal Organization*. A supporting objective of this goal is *Financially Sound and Sustainable Village Government*.

FISCAL IMPACT

N/A.

UPDATE & RECOMMENDATION

This item has been updated since it was presented during the October 28, 2008 Workshop. The following changes are reflected in this report and attachments:

- General Fund expenses have been reduced by \$100,000
- General Fund revenues has been reduced by \$100,000
- The real estate levy has been reduced by \$100,000

These changes have been made to allow the Village to proceed with TCD3-Comprehensive Plan as originally planned. Discussion is recommended at the November 11, 2008 workshop to allow for budget adoption on November 18, 2008, or, if additional discussion is needed, on December 2, 2008.

BACKGROUND

Revisions have been made to the FY09 Recommended Budget based on the issues discussed at the October 11, 2008 budget workshop and ongoing staff analysis of the budget and economic conditions. The revisions generally include reductions in revenues and expenses. Year-end estimates for the FY08 budget are ongoing and may change beginning fund balances in the FY09 budget.

General Fund

General Fund revenues have been reduced by \$552,000 and expenses have been reduced by over \$565,000. These reductions maintain a balanced General Fund.

	FY09 Original	FY09 Revised	Change
Revenue	\$ 42,262,007	\$ 41,710,007	\$ (552,000)
Expenses	\$ 42,252,161	\$ 41,686,745	\$ (565,416)
Surplus/(Deficit)	\$ 9,846	\$ 23,262	

Revenue reductions are due to a reduction in Hotel Use Tax, Sales Tax, permit, and plan review and inspection fee revenues. Telecommunications Tax revenue has been increased by \$60,000. In addition, a funding stream for fines (Court Supervision) that had previously been allocated to the Equipment Replacement Fund was more appropriately reallocated to the General Fund. The Corporate Levy was increased by approximately \$87,000 to respond to the decrease in other revenues sources. The total tax levy was reduced by \$100,000 (See the attached General Fund Revenue & Expense Adjustments.).

In response to the reduction in revenue, the General Fund expenses were reduced by over \$565,000 as follows:

- Defer hiring of a vacant Staff Attorney during the first quarter of 2009 – The Legal Department has been operating without a staff attorney for a number of months and will be able to maintain its current service level without a staff attorney through the first quarter of 2009. The deferment will reduce expenses by \$20,000.
- Eliminate contractual building inspection services – A review of building permit inspection activity indicates that the demand for building inspection services will likely continue to decrease in 2009. The elimination of contractual building inspection services will reduce expenses by \$15,000.
- Reduction in Community Grants funding (per established formula) – Pursuant to the Municipal Code, Hotel Use Tax revenue from the previous fiscal year dictates the funding amount for the Community Grants program. The FY09 Recommended Budget (9/30 version) did not recalculate this amount based on updated year-end estimates.
- Reduction in Pension Levies – The Police and Fire Pension Fund Boards have approved their requested levies. These levies are \$186,897 less than the estimates included in the original proposed budget.
- Defer funding for leaf collection to 2010 – The Village’s waste hauling contract with ARC Disposal includes an optional leaf collection program, which would cost the Village \$140,000 in 2009. The Village could forego the leaf collection program in 2009.
- Defer funding for the branding/marketing initiative – This project was identified on the 2008-09 Strategic Plan Policy Agenda. The deferral of this project would result in a savings of \$100,000 in the General Fund.
- Reduce other General Fund expenses - General Fund expenses have been reduced by \$100,000 by eliminating a police squad car (\$30,000), eliminating funding for a Strategic Planning consultant (\$30,000), reducing the funding for supplies (\$20,000), reducing the number of Village newsletters from 6 to 4 (\$12,500) and reducing funding for fireworks for Heritage Festival (\$7,500).

Real Estate Tax Levy

Property taxes account for 22 percent of the General Fund budget. The Village’s real estate levy is comprised of six components used to support specific services provided by the Village. Below is the proposed real estate tax levy for FY09. Previous data is included from the FY09 Recommended Budget

(9/30 version) for comparison. Changes were made to the Fire pension, Police pension and corporate levies. The overall levy has been reduced by \$100,000 compared to the FY09 proposed budget originally published on September 30, 2008.

	FY08	FY09 Original	FY09 Revised	Change from FY08 to Revised
Corporate Levy	\$ 2,764,038	\$ 2,850,000	\$ 2,936,897	\$ 172,859
Fire Protection	\$ 2,774,029	\$ 2,850,000	\$ 2,850,000	\$ 75,971
Fire Pension (final)	\$ 1,027,421	\$ 1,767,249	\$ 1,578,223	\$ 550,802
Police Pension (final)	\$ 1,156,584	\$ 1,260,000	\$ 1,262,129	\$ 105,545
Stormwater	\$ 2,630,139	\$ 2,630,139	\$ 2,630,139	\$ -
Debt Service After Abatements	\$ 796,191	\$ -	\$ -	\$ (796,191)
Total	\$ 11,148,402	\$ 11,357,388	\$ 11,257,388	\$ 108,986

Other Funds

Revenues and/or expenses were also adjusted in the Motor Fuel Tax Fund (102), Downtown TIF Fund (107), Capital Projects Fund (220), Stormwater Fund (243), Parking Fund (471), Equipment Replacement Fund (530) and Police and Fire Pension Levy Funds (651, 652). These revisions were made primarily in response to expected declines in Motor Fuel Tax revenue, Home Rule Sales Tax revenue, pension levy request and earned interest. More specific information can be found on the attached Other Fund Revenue & Expense Adjustments.

ATTACHMENTS

- General Fund Revenue & Expense Adjustments
- Other Fund Revenue & Expense Adjustments
- Capital Projects Fund Project Revisions

General Fund (001) Revenue & Expense Adjustments

REVENUES		EXPENSES		SURPLUS/ (DEFICIT)
Recommended Budget (9/30)	42,262,007	Recommended Budget (9/30)	42,252,161	9,846
Reduction in Hotel Revenue Projection	(50,000)	Defer Hiring of Vacant Staff Attorney	(20,000)	
Reduction in Sales Tax Revenue Projection	(150,000)	Eliminate Contractual Inspection Services	(15,000)	
Reduction in Permit Revenue	(347,000)	Eliminate Funding for Branding	(100,000)	
Reduction in Pension Levies (per Actuary)	(186,897)	Reduction in Pension Levies (per actuary)	(186,897)	
Reduction in Plan Review & Inspection Fees	(5,000)	Defer Funding for Leaf Collection to 2010	(140,000)	
Reallocate Fines (Court Supervision)	40,000	Reduction in Community Grants (per formula)	(3,519)	
Offsetting Increase in Corporate Levy	86,897	Eliminate One Squad Car Replacement	(30,000)	
Increase in Telecommunications Tax Revenue	60,000	Eliminate Strategic Plan Consultant	(30,000)	
		Reduction to Supplies Accounts	(20,000)	
		Eliminate Two Newsletters	(12,500)	
		Eliminate Heritage Festival Fireworks	(7,500)	
Adj. Recommended Budget (10/28)	41,710,007	Adj. Recommended Budget (10/28)	41,686,745	23,262

Other Fund Revenue & Expense Adjustments

REVENUES		EXPENSES		SURPLUS/ (DEFICIT)
Motor Fuel Tax Fund (102)				
Recommended Budget (9/30)	1,490,000	Recommended Budget (9/30)	1,490,000	-
Reduce Motor Fuel Tax Revenue Projection	(255,000)	Increase Road Maintenance Expenses	700,000	
Reduce Interest Revenue Projection	(10,000)			
Adj. Recommended Budget (10/28)	1,225,000	Adj. Recommended Budget (10/28)	2,190,000	(965,000)
Downtown TIF Fund (107)				
<i>No Change</i>	2,426,000	Recommended Budget (9/30)	2,526,831	(100,831)
		Rebudget traffic light shroud project	80,000	
Recommended Budget	2,426,000	Adj. Recommended Budget (10/28)	2,606,831	(180,831)
Capital Projects Fund (220)				
Recommended Budget (9/30)	5,621,471	Recommended Budget (9/30)	6,626,991	(1,005,520)
Reduction in HR Sales Tax Revenue Projection	(400,000)	Reallocate Roadway Maint. Exp. to MFT Fund	(700,000)	
		Defer Ogden Avenue Sidewalks	(306,000)	
		Defer/Reduce Lower Priority CIP Projects*	(255,000)	
Adj. Recommended Budget (10/28)	5,221,471	Adj. Recommended Budget (10/28)	5,365,991	(144,520)
Stormwater Fund (243)				
Recommended Budget (9/30)	5,430,139	<i>No Change</i>	14,681,505	(9,251,366)
Reduction in HR Sales Tax Revenue Projection	(200,000)			
Adj. Recommended Budget (10/28)	5,230,139	Recommended Budget	14,681,505	(9,451,366)
Parking Fund (471)				
<i>No Change</i>	1,084,000	Recommended Budget (9/30)	1,345,759	(261,759)
		Include Security System Maintenance Agreement	16,000	
Adj. Recommended Budget (10/28)	1,084,000	Adj. Recommended Budget (10/28)	1,361,759	(277,759)

*See Capital Projects Fund (220) Project Revisions for detailed breakdown

Other Fund Revenue & Expense Adjustments

REVENUES		EXPENSES		SURPLUS/ (DEFICIT)
Equipment Replacement Fund (530)				
Recommended Budget (9/30)	1,198,439	<i>No Change</i>	1,022,250	176,189
Reallocate Fines (Ct. Supervision) to Gen. Fund	(40,000)			
Adj. Recommended Budget (10/28)	1,158,439	Recommended Budget	1,022,250	136,189
Police Pension Fund (651)				
Recommended Budget (9/30)	2,957,000	<i>No Change</i>	2,162,958	794,042
Increase in Levy Requested by Pension Board	2,129			
Adj. Recommended Budget (10/28)	2,959,129	Recommended Budget	2,162,958	796,171
Fire Pension Fund (652)				
Recommended Budget (9/30)	3,417,249	<i>No Change</i>	1,583,378	1,833,871
Reduction in Levy Based on Actuarial Study	(189,026)			
Adj. Recommended Budget (10/28)	3,228,223	Recommended Budget	1,583,378	1,644,845

Capital Projects Fund (220) Project Revisions

Project Number	Project	Amount Reduced from Capital Projects Fund
ST-016	Roadway Improvements, Middaugh Ave, Grant to Herrick MS	\$ (50,000)
ST-017	Corridor Enhancements, Ogden Avenue	\$ (50,000)
ST-007	Roadway Reconstruction, Woodward Avenue	\$ (90,000)
ST-008	Roadway Reconstruction, Valley View Estates	\$ (55,000)
TR-014	Safe Routes to School	\$ (15,000)
BW-003	Bikeway Connections	\$ 5,000
Total		\$ (255,000)