

**MINUTES OF LONG RANGE FINANCIAL PLANNING
VILLAGE WORKSHOP MEETING
VILLAGE OF DOWNERS GROVE**

June 2, 2009

Tax Levy, Infrastructure and Facilities, and Debt Capacity

Mayor Ron Sandack called the meeting to order at 7:43 p.m. in the Committee Room.

Council Members Present: Mayor Ron Sandack; Commissioners Marilyn Schnell, William Waldack, Sean P. Durkin, Geoff Neustadt, Bruce E. Beckman, Bob Barnett

Staff Present: Dave Fieldman, Village Manager; Judy Buttny, Finance Director; Mike Baker, Deputy Village Manager; Nan Newlon, Public Works Director; Tom Dabareiner, Community Development Director; Steve Sanderson, Budget Officer; Doug Kozlowski, Communication Director, Enza Petrarca, Village Attorney; Brandon Dieter, Management Analyst; April Holden, Village Clerk

Village Manager Dave Fieldman reviewed the calendar for the sessions.

He reiterated that the sessions will provide multiple opportunities for input and discussion; allow for a dialogue among community, Council and staff; create awareness of issues and potential solutions; help develop a consensus for solutions and strategies; and create a three to five-year plan.

He noted that while long range financial planning involves difficult and complicated decisions, it is manageable. Issues will be presented and discussed early in the process. Staff has prepared potential solutions and strategies that will be discussed in later sessions.

The Manager recapped the first session with respect to the General Fund revenues and expenses. He noted there is a substantial gap in terms of expenses exceeding revenues. The main expense is personnel costs. In terms of revenue, sales tax has been flat and declining. There is a need to change expenses and revenues both short-term and in a sustainable manner, and a need to change the Village business model.

Tax Levy

Deputy Village Manager Mike Baker reviewed the tax levy. With respect to property taxes, the Village sets the tax levy amount which is distributed across the equalized assessed value (EAV). The tax rate is a function of levy and EAV such that $Levy = EAV \times Rate/100$. DuPage County collects and distributes taxes. The risk of non-payment rests with the County.

Mr. Baker reviewed the elements in the 2008 Tax Levy as follows:

Corporate/Police	\$2.81 million
Fire Protection	\$2.85 million
Fire & Police Pension	\$2.84 million
Stormwater Improvements	\$2.63 million
Debt Service	-0-
Total Village Levy	\$11.13 million

This results in a Village rate of 0.4423.

Mr. Baker then displayed a graph of the levy over time and in comparison with the EAV from 1992 through 2008 as well as a graph depicting the property tax rate from 1997 through 2008. He then provided a slide of a tax bill and highlighted the three lines that represent the Village's portion of the tax bill. In this example, the total Village portion of the tax bill was .4423 or \$434.23, which is under 10% of the tax bill. On a monthly basis, this tax bill would be \$36.18. Mr. Baker noted that in a comparison with other DuPage County municipalities, the tax rate for Downers Grove is low.

Mr. Baker reiterated tax levy key findings:

- Strong historic growth in EAV
- Flat/declining EAV projections
- Pressure on 2009 levy from pensions and debt service
- Village tax rate has varied
- Village tax rate remains low compared to other DuPage municipalities
- Property tax levy could be increased and still remain competitive

Council members discussed the fact that the levies for the pensions are controlled by the pension boards and that the Library controls the Library tax levy. In response to suggestions, staff agreed to place the sample tax bill on the website and to research the organization of the tax bill.

Infrastructure and Facilities

In terms of the infrastructure and facilities, Mr. Fieldman said this is made up of many components. He outlined four-year investment needs by category, and noted that these numbers include a new police facility and on-going maintenance for other Village facilities.

Streets	\$40.6 million
Stormwater System	\$36.4 million
Facilities	\$33.5 million
Water System	\$12.1 million
Sidewalks	\$ 4.3 million
Other	\$ 3.3 million

He noted that most of the stormwater work is covered by bond proceeds. Mr. Fieldman said that infrastructure and facilities needs include both new construction and on-going maintenance.

Present sources of funding for infrastructure and facilities is from multiple sources including Home Rule sales tax, motor fuel tax, utility tax, property tax, fees, intergovernmental funding and bond proceeds. He provided a graph of funding sources and needs for 2010 through 2013 and explained that the needs exceed funds, and noted that the sources of funding decline from 2010 to 2011.

Mr. Fieldman reiterated infrastructure and facilities key findings:

- Multiple components of infrastructure and facilities
- New construction and maintenance
- Annual expenses are "lumpy" in that they vary over time
- Multiple sources of funding
- Infrastructure and facilities investment needs exceed existing sources of funding

In response to Council comments, Mr. Fieldman said staff will prepare a ten-year plan for streets.

Debt Capacity

Mr. Fieldman then discussed debt capacity. The Village maintains a strong financial position with a AA+ rating. Current debt is for five projects: The downtown TIF, stormwater, Fire Station 2, AMR, and Fairview Avenue. He referenced a graph showing the debt service future payments for each of the five projects and the Village's debt position. In the near term, the Village's debt obligations are at a moderate level and in future years the Village's debt obligations are at a low level. The Manager said the Village has debt capacity available in future years but must pledge revenue sources when issuing bonds. In response to Council questions, the Manager said both the debt obligations and debt positions are current under the existing economic conditions.

Mr. Fieldman reiterated the need to invest in infrastructure and facilities. He noted that investment can be "lumpy." The Village has debt capacity available, but must pledge revenue sources when issuing bonds. He suggested the Village issue debt for infrastructure and facility investments and that the infrastructure and facility needs be prioritized.

Solutions and Strategies

Mr. Fieldman discussed three approaches: Increase revenues to pay for current services; reduce services to match revenues; and combination of increased revenues, expense reductions and planned use of reserves. All approaches include continued implementation and policy level efficiency improvements. He noted that there are difficult and complicated decisions to be made, but they are manageable.

The next session will be to explore ideas with respect to solutions and strategies. The results of these sessions will be reflected in the 2010 budget, but are also intended to be future-looking. Current economic conditions will be taken into account in both the short and long-term plans.

Council directed staff to survey other communities in terms of the current economy and ideas, options and revenue sources. Ideas from the public are also welcome.

The next meeting will be July 7, 2009.

The meeting was adjourned at 8:36 p.m.

April K. Holden
Village Clerk