

MINUTES OF COUNCIL BUDGET REVIEW WORKSHOP

VILLAGE OF DOWNERS GROVE

DOWNERS GROVE, ILLINOIS

OCTOBER 6, 2009

Mayor Ron Sandack welcomed Council, staff and visitors to the budget review session at 8:55 p.m. in the Village Hall Council Chambers following the Regular Council meeting.

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

Absent: None

Staff: Village Manager Dave Fieldman; Deputy Village Manager Mike Baker; Village Attorney Enza Petrarca; Director of Community Development Tom Dabareiner; Director of Communications Doug Kozlowski; Director of Public Works Naneil Newlon; Acting Fire Chief Jim Jackson; Police Chief Bob Porter; Director of Social and Health Services Andy Matejcek; Director of Financial Services Judy Buttny; Director of Information Services Liangfu Wu; Director Community Events Mary Scalzetti; Village Clerk April Holden

The Mayor said this is the second of nine scheduled budget review sessions. The first session was held on Saturday, October 3 with a presentation of the General Fund. He urged residents to be involved in the budget as a whole. The Mayor then asked Village Manager Dave Fieldman to review tonight's agenda.

Village Manager Dave Fieldman encouraged comments from the public. He said the discussion tonight would begin with the Taxi Subsidy program.

Taxi Subsidy Program

Mike Baker, Deputy Village Manager, said as one of the series of recommendations included to balance the General Fund budget and eliminate the \$4.5 million deficit, some changes to the taxi subsidy program were proposed. The cost of the existing program is approximately \$150,000 annually. The proposed budget would reduce that cost by \$50,000 to a total cost of \$100,000 by changing the subsidy level from 70% to 50%, limiting the number of coupons that could be purchased from \$100 worth of coupons to \$60 worth of coupons monthly, and imposing an expiration date on all new coupons sold.

The Mayor asked as to the anticipated expiration date. Mr. Baker said it would be between six months and one year.

The Mayor said the proposal is not an elimination of the taxi subsidy program, but a reduction in the subsidy from 70% to 50% and the coupons would have an expiration date.

Pat Hurley said she is 77 years old and lives in Immanuel Residences. The taxi subsidy is vital to the situation of seniors. The 70/30 split is barely sufficient. She said some people wanted to ask for additional coupons. She asked when the split was changed. The Mayor said this was the proposal since the budget was published. Ms. Hurley said the seniors will try to work with the Council. She noted that the senior are on fixed incomes. She noted expected federal cuts and increases to health insurance costs. She suggested methods for raising revenue such as vehicle stickers and a tax on parking in the parking garage, etc. She said seniors in her building are willing to agree to a 60/40 split. Ms. Hurley said she needs a job; she worked eight years in a deli and would work for minimum wage.

Janet Forestman, said she has lived in the Village for 14 years. It is imperative to keep the taxi subsidy program or many seniors will be stuck at home without transportation to get anywhere. It is hard to get back and forth to doctor's appointments on \$100 per month. She said it will be awful if the coupons will be limited to \$60 per month.

Dorothy Oswald said she has lived in Downers Grove for 55 years. She said she e-mailed her comments to the Council and received a reply from one person. She said seniors have paid more than their fair share in taxes and urged the Council to do what they can to keep the taxi subsidy program.

An unidentified woman said she moved into the Village in 1948. She lives at Peace Manor and said there is no transportation from Peace Manor other than taxicabs. She said the seniors need the taxi coupons and urged the Council to keep the program and not cut the program too much.

The Mayor reiterated that what is contemplated is a reduction in coupons.

A woman said the seniors truly appreciate the taxicab coupons. Many people bring their friends to Downers Grove. She said she does not know what they would do without the coupons. She urged the Council not to eliminate the coupons although she said she could understand reducing the program.

Tim Meaney, 420 Franklin, noted that all of the groups that have spoken have defended particular programs and acknowledged the difficult financial situation. No one is demanding full grants be maintained or that the taxi subsidy program be maintained at its current level. People seem to accept cuts but urged any level of support to help people hang on until things get better.

Transportation Fund

The Manager said the Transportation Fund is used to operate the Grove Commuter Shuttle. The revenue sources are the fees from the riders, the local gasoline tax, and contributions from Pace. The FY10 proposed budget eliminates the annual operating deficit. The Village would be operating in the black. The benefits of the new buses would be fully appreciated in FY10. A position would be eliminated in this Fund that further allows expenses to drop. Discussion during the long range financial planning sessions concerned modeling the shuttle after the program in Highland Park.

Commissioner Durkin asked for an update on the marketing plan for the shuttle program. Mr. Fieldman said staff would provide this information.

Commissioner Barnett asked if the Village will be taking a one-time charge against the General Fund to clean up this fund from an accounting stand point. The Manager said the accumulated deficit is \$1.8 million. Staff will look into this matter.

Commissioner Waldack said the reason there is a large deficit is due to the expenses growing over 20 years. The publicity regarding this fund is detrimental to what is actually occurring.

Commissioner Schnell asked if any funds will go toward replacement costs. The Manager said that this was an option.

Downtown TIF Funds

Mr. Baker said the Downtown TIF was created in 1997 as a funding source for redevelopment activities. Revenue and expenses have been scaled back in FY09 and FY10. Most of the expenses are in the form of debt service payments the Village is obligated to make.

Commissioner Schnell said no property tax levy is required in FY10 to pay the debt service for this fund. She said the General Fund was used to pay for the TIF in the past. She asked if this money will be paid back to the General Fund. Mr. Baker said it would be.

Mark Thoman, 1009 61st Street, thanked Mr. Baker for reviewing this fund with him. He asked if the proceeds of the final Acadia sale will be considered TIF or general revenue. If it is TIF revenue, can the proceeds be applied back to the General Fund in the short term to help alleviate some of the shortfall. Mr. Baker said the proceeds will be received in the TIF funds.

Ogden Avenue TIF

Mr. Baker said the Ogden Avenue TIF was created in 2001 as the funding source for redevelopment activity along Ogden Avenue. The EAV is expected to remain relatively flat. Funding for the sidewalk project is included in the FY10 budget.

Commissioner Schnell said one of the assumptions is that the EAV will remain flat but prices have dropped. She asked when the Township will reassess properties. This is a concern of hers as it relates to assumptions.

Fleet Services

Judy Buttny, Director, Finance, said this is a \$10 million fund. A functional and well-maintained fleet is critical in the provision of safe, efficient and reliable core services. In 2009 staff prepared a fleet report in which many changes to the operations were highlighted and resulted in substantial cost savings of \$400,000. The fleet was downsized by 15 vehicles, initiatives were implemented, and staff was reduced. Staff also enhanced utilization of the computerized fleet software to better manage the fleet. In the FY09 budget, estimated expenses are under budget. She said \$131,000 is budgeted to upgrade the CNG fueling station contingent upon a 50% grant from the US Department of Energy.

Commissioner Schnell asked if the Village could add a surcharge on fuel to other users. The Manager said the current policy includes surcharges. Staff will look at this further.

Commissioner Barnett said he agrees with Commissioner Schnell. He asked about the revenue line in the budget. Ms. Buttny said the revenues come from other departments.

Commissioner Beckman asked about the CNG grant. He asked if the Village's share of the grant, if approved, would be \$65,000. Ms. Buttny said that was correct. Mr. Fieldman said the funds would be used to keep the equipment in good shape.

Commissioner Neustadt referenced "establishing vehicle standards" and asked if that speaks to right sizing. Ms. Buttny said it is determining the right vehicle for the position and fuel efficiency. Directors and the fleet services team review each vehicle request.

Commissioner Durkin said he would like an analysis of outsourcing this division. He noted that not every municipality has an in-house mechanical shop. The Manager said staff has not done a full-scale analysis.

In response to Commissioner Neustadt, Ms. Buttny said the FY10 proposed budget includes sales revenue of \$68,500 which represents the sale of fuel to other government entities.

Equipment Replacement Fund

Ms. Buttny said this fund is for vehicle, fleet and computer related expenses. She said the expenses are under budget for FY09. She noted that the items to be replaced are scheduled, but before purchasing equipment, every item is reviewed.

Commissioner Neustadt asked if the Chevy Tahoe is a Battalion Chief's vehicle. Ms. Buttny said it is. This is not a car that goes home with a Battalion Chief; it stays in the Village.

Commissioner Beckman asked about lease vs. purchase. The Manager said staff pre-funds vehicles so there is money at the time the vehicle is replaced.

Risk Management Fund

Mr. Baker said the Village self-insures for a substantial amount of property risk. Staff is looking at how costs can be controlled through training, safety programs, etc.

Commissioner Barnett asked why this fund shows a continuous negative value. Ms. Buttny said that on a cash basis, this fund is in good shape. At the end of the year an accrual is on the books for outstanding claims incurred but not paid, as required by the auditors.

Commissioner Beckman asked how the accrual is added into the cost analysis. Ms. Buttny said risk expenses are a big factor in the General Fund. They have been increasing. It has been difficult to keep up with the total expenses in that fund.

Health Insurance Fund

Mr. Baker said this is the Village's self-insured medical, dental, vision and life insurance fund. He reviewed revenues and expenses for the last two fiscal years. FY10 budget shows a decline in projections as compared to FY09 based upon changes implemented this year.

The Mayor said these changes go into effect January 1, 2010. This will pass some expenses to our employees. Mr. Baker said the Village was able to take advantage of our strong relationship with Good Samaritan Hospital and expand benefits we offer to employees to utilize the Good Samaritan option.

Tom LeCren, asked why the Village covers the Park District and the Economic Development Commission. The Mayor said the Village is not subsidizing them. The Manager said governmental bodies try to determine the most cost-effective group to administer programs in order to achieve economies of scale.

Police Pension Fund

Ms. Buttny said this is administered by separate funds. The board sets the levy based on a report prepared by an outside actuary. Revenue should exceed expenses in order to meet all current and future pension obligations. Revenues are from employee contributions, investment returns, and the Village's contribution. There is a huge increase in pensions this year due to poor investment returns in the market in 2008. The recommended levy as determined by the actuary at this time is an increase from \$1.26 million to \$1.7 million for a 35% year-on-year increase.

The Fire Pension Fund will increase from \$1.57 million to \$2 million.

Fire Pension Fund

Ms. Buttny said the Fire Pension Fund is organized in the same way as the Police Pension Fund. There is a higher level of revenues to build up reserves for future expenses although she noted that there were higher expenses in FY09 due to unanticipated disability pensions.

Ms. Buttny said we have a preliminary report as to unfunded liabilities based on 2008.

The Mayor said we are mandated to make contributions.

Commissioner Barnett said the only control the Village has is with respect to the number of employees.

Tax Rebate Fund

Mr. Baker said the Village has entered into tax rebate agreements with local businesses as part of the economic development efforts used as an overall attraction and retention strategy. The budget reflects dollars spent in the form of rebate.

Commissioner Waldack asked if DeVry was included in the list of businesses. Mr. Baker said everything related to DeVry is in this fund including all taxes and not just sales taxes.

Public Comments

Andrea Sigen said she is fortunate to take advantage of the amenities of Downers Grove. She belongs to the Downers Grove Choral Society and serves on the Board of Directors. She requested that the Council maintain the grant program. The arts over the course of history have been an integral part of society as they allow people to better participate in daily activities. She said the Choral Society depends upon and needs assistance. The Downers Grove Choral Society is celebrating its 50th anniversary this year. The vast majority of performances are in Downers Grove and their advertising reflects the Downers Grove association. Concerts include orchestras and soloists to add to the Village's financial health. She noted that they do substantial fundraising, but need the generosity of the Village.

A member of the Senior Suburban Orchestra said the orchestra has been in existence for ten years. The Village is the major source of their funding, and they are scrambling to try to survive. The offer concerts at retirement homes and schools at a cost much lower than actual expenses. She strongly believes in and supports this organization.

The Mayor said the next meeting will be on October 17, 2009 at the Coffee with the Council, 9:00 a.m. at Fire Station 2. On Tuesday, October 20, a budget meeting will follow the regular Budget Review Session – October 6, 2009

Council meeting.

There being no further discussion, the meeting was adjourned at 10:06 p.m.

April K. Holden
Village Clerk