

**VILLAGE OF DOWNERS GROVE
REPORT FOR THE VILLAGE COUNCIL WORKSHOP
MARCH 16, 2010 AGENDA**

SUBJECT:	TYPE:	SUBMITTED BY:
Referendum Advisory Question – Pension Reform	✓ Resolution Ordinance Motion Discussion Only	Dave Fieldman Village Manager

SYNOPSIS

A resolution has been prepared to place the following non-binding advisory question on the November 2, 2010 local election ballot:

- Shall the Illinois General Assembly and the Governor take immediate steps to implement meaningful pension reform which will relieve the unsustainable burden on local taxpayers?

STRATEGIC PLAN ALIGNMENT

The Five Year Plan and Goals include *Exceptional Services and Communication*.

FISCAL IMPACT

N/A.

RECOMMENDATION

Approval on the April 5, 2008, consent agenda.

BACKGROUND

Mayor Sandack has requested that three non-binding advisory questions be placed on the November 2, 2010 local election ballot. Resolutions have been prepared for each of the three advisory questions and Village Council approval of each resolution is required prior to placing the items on the 2010 local election ballot. The following non-binding advisory question is proposed for Village Council consideration:

- Shall the Illinois General Assembly and the Governor take immediate steps to implement meaningful pension reform which will relieve the unsustainable burden on local taxpayers?

ATTACHMENTS

Resolution

RESOLUTION NO. 2010-_____

**A RESOLUTION INITIATING THE SUBMISSION OF A
PUBLIC QUESTION TO SUPPORT REGIONAL ACTIONS TO ATTAIN
LONG-TERM PENSION SUSTAINABILITY**

WHEREAS, preserving the public safety, health and welfare of its residents is a critical priority and of paramount concern to the Village Council of the Village of Downers Grove; and

WHEREAS, the Village of Downers Grove, like many communities across the State, has been experiencing an exponential increase in required contributions to fund the pensions of eligible municipal employees; and

WHEREAS, the actuarially required contribution for the Village of Downers Grove Firefighter Pension Fund has increased by \$ 454,079 or 29.76% from the 2007 tax levy to the 2009 tax levy; The 2009 tax levy amounts to approximately \$25,384.00 per plan member; and

WHEREAS, the actuarially required contribution for The Village of Downers Grove Police Pension Fund has increased by \$ 559,885 or 48.87% from the 2007 tax levy to the 2009 tax levy; The 2009 tax levy amounts to approximately \$ 21,055.65 per plan member; and

WHEREAS, a combination of factors including investment losses, legislatively mandated pension benefit increases, cumulative wage increases and others have contributed to this situation; and

WHEREAS, both the Fire and Police Pension Boards have made reasonable and financially prudent efforts to maximize the investment returns under limitations and restrictions imposed by the State in an effort to reduce the burden on local taxpayers; and

WHEREAS, the Illinois Municipal Retirement Fund has also experienced similar investment losses that have increased the required contribution to that pension fund by 5.67% from the 2008 to the 2010 calendar year; and

WHEREAS, these steadily escalating pension costs have created a fiscal crisis that is consuming an ever increasing portion of the Village of Downers Grove's municipal budget and threatens the long-term sustainability of the pension funds and the continuation of existing levels of public safety services; and

WHEREAS, while the Village of Downers Grove recognizes that offering a quality pension program is vital for the recruitment and retention of quality public employees, we also recognize that increasing pension costs place public pension systems in financial jeopardy; and

WHEREAS, without both immediate and long-term legislative relief from these escalating pension costs, the Village of Downers Grove and many other communities across the State are faced with complex choices, including budget cuts that reduce or eliminate vital services; compromise public safety service levels; defer critical infrastructure maintenance and repairs; and/or increase the burden on local taxpayers; and

WHEREAS, because Article XIII, Section 5 of the Illinois Constitution does not allow pension benefits to be diminished or impaired, the General Assembly must exercise extreme care in any pension enhancements that may cripple governments' ability to fund both pension and other essential operations, especially in times of economic hardship; and

WHEREAS, opportunities as set forth in Senate Bill 2011 to provide short-term local taxpayer relief from significant pension contribution increases in 2010 by smoothing the required adjustments over multiple years, was overwhelmingly approved by the Illinois Senate but stalled in the House due to pressures from public safety unions.

NOW, THEREFORE, BE IT RESOLVED by the Village Council of the Village of Downers Grove, County of DuPage, State of Illinois, as follows:

SECTION ONE: Incorporation of Recitals. The foregoing recitals are by this reference incorporated into and made a part of the resolution as if fully set forth.

SECTION TWO: Public Question on Pension Sustainability. A public question shall be submitted to the voters of The Village of Downers Grove, County of DuPage, State of Illinois, at the November 2, 2010 general election (or at the next available election permitted by the general election law) as follows:

Shall the Illinois General Assembly and the Governor take immediate steps to implement meaningful pension reform which will relieve the unsustainable burden on local taxpayers?	YES _____	NO _____
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SECTION THREE: Publication: Filing. The Clerk is hereby authorized and directed to publish this authorizing resolution within ten days after passage in a newspaper of general circulation within the Village and to file this authorizing resolution or other related matters with the appropriate election officials in accordance with applicable law.

SECTION FOUR: Effective Date: This Resolution shall be in full force and effect from and after its passage, approval, and publication in the manner provided by law.

By: _____
Mayor

ATTEST:

Village Clerk