

VILLAGE OF DOWNERS GROVE
REPORT FOR THE VILLAGE COUNCIL MEETING
NOVEMBER 2, 2010 AGENDA

SUBJECT:	TYPE:	SUBMITTED BY:
Public Hearing on Proposed FY11 Municipal Budget	Resolution Ordinance Motion ✓ Discussion Only	David Fieldman Village Manager

SYNOPSIS

Public Hearing regarding the proposed FY11 Municipal Budget.

STRATEGIC PLAN ALIGNMENT

The Five Year Plan and Goals for include *Exceptional Communication and Services*. A supporting objective of this goal is *Steward of Financial Sustainability*.

FISCAL IMPACT

The FY11 Municipal Budget will provide for all operational revenues and expenditures for the time period from January 1, 2011 through December 31, 2011.

UPDATE & RECOMMENDATION

This item was discussed at the October 12 and October 19 Village Council meetings. The Council discussed potential changes to the budget that would provide funding for a contribution to the DuPage Senior Citizen Council and amend the taxi subsidy program. Attached are staff responses to questions asked by Council members and staff comments on the options presented by resident Mark Thoman.

BACKGROUND

The Long Range Financial Plan was approved by Council on September 7, 2010. This Plan was used as a guiding document in preparation of the proposed 2011 Municipal Budget. On September 24, 2010, the proposed FY11 Municipal Budget was published for the Village Council and the public. A Budget Workshop was held at Fire Station 2 on Saturday October 2, 2010. Staff presented information related to the following funds at the Workshop:

- General Fund
- MFT Fund
- Ogden TIF Fund
- Risk Fund
- Water Fund
- Stormwater Fund
- Equipment Replacement Fund
- Health Insurance Fund
- Capital Fund (Streets & Sidewalks)
- Downtown TIF Fund
- Fleet Services Fund
- Transportation Fund

During the presentation both Village Council and residents asked questions of staff. Copies of those questions and answers are attached. If requested by Council, staff will provide a presentation for any of the remaining funds not discussed at the Saturday Workshop.

Following is the budget schedule for the remainder of the year:

- October 16, 2010 Coffee with the Council
- October 19, 2010 Council Meeting
- November 2, 2010 Budget Public Hearing
- November 9, 2010 Vote to Adopt Budget
- November 16, 2010 Adopt Estimated Tax Levy

- December 7, 2010 Tax Levy Public Hearing
- December 14, 2010 Adoption of Tax Levy

ATTACHMENTS

Responses to Council Questions and Resident Options

PROCEDURES FOR PUBLIC HEARING 2011 FY BUDGET

Mayor's Opening Statement:

This public hearing will please come to order. This public hearing has been called by the Village Council to consider the proposed Village Budget.

Notice of this hearing was published in the Downers Grove Reporter and a certificate of publication is made a part of these proceedings.

I would like to summarize the procedures which we will follow for tonight's public hearing.

1. First, Dave Fieldman, Village Manager, will provide an overview of the proposed Budget.
2. Next, there will be an opportunity for members of the Village Council to ask questions or make comments.
3. Next, there will then be an opportunity for members of the public to make statements or comments, or to submit written statements or comments for the record.
4. I will again ask if any member of the Council wishes to make a statement or ask a question.
5. Thereafter, I will ask for a motion to adjourn.

At this hearing, witnesses will not be sworn and a verbatim written transcript of the statements or testimony given at the hearing will not be prepared. However, a recording of the procedures will be made on Village equipment and retained until minutes of the hearing have been prepared and approved by the Village Council.

- 1. Staff Presentation.**
- 2. Questions or comments from the Village Council.**
- 3. Comments or statements from the public.**
- 4. Final questions or comments from the Village Council.**
- 5. Adjournment.**

**FY11 Budget
Council Questions
October 26, 2010**

How much was budgeted in the Manager's contingency in recent years? How much was spent? What was the money spent on? (Barnett, Durkin)

General Fund Manager's Contingency, 2008 to 2010

Year	Budget	Actual
2008	\$75,000	Police Dept. Air Conditioner Replacement \$50,000 <u>Lobbyist Contract \$27,000</u> Total \$77,000
2009	\$20,000	Lobbyist Contract \$9,000 <u>Traffic Consultant \$2,500</u> Total \$11,500
2010	\$100,000	Strategic Planning Consultant \$3,000 <u>Separated Employee Sick Time Payout \$280,000</u> YTD Total \$283,000

While the annual expenses in the contingency category have varied greatly in the past three years, staff manages the General Fund focusing on the total annual expenses in all accounts across all departments. The FY2010 payment has exceeded the budget due to the sick time payout for separated employees. This is a termination benefit for Village employees hired prior to 1993, therefore the expense associated with this policy will disappear as these employees retire. A portion of these payments are due to the Voluntary Separation Program which will reduce staffing levels in the General Fund.

I would like to better understand the benefit of the propose \$500,000 property tax levy increase for operations. If the \$500,000 increase to the property tax levy were removed as a source of revenue, what expense items would be cut from the General Fund budget? (Durkin)

Staff would first seek policy level action by the Village Council to direct this change to the FY2011 proposed budget since it is inconsistent with the approved long range financial plan for 2011-2013. Were this direction provided, staff would engage the Council in a service-level discussion focused around the medium and low priority items identified by Council during the prioritization exercise completed as part of the 2009 long-range financial plan process. Potential items which could be reduced or eliminated and generate savings necessary to match the \$500,000 revenue reduction include the following:

- Cable TV/Video
- Public Works Community Presence
- Fire Public Education (Classes, drills, etc)
- Print Media
- Ancillary Services (motorist assists, vacation checks, process abandoned vehicles, etc)
- Downtown Beautification

- Wildlife Animal Control
- Other Police Public Education (carseat checks, crime prevention, tobacco checks, etc)
- Taxi Subsidy Program
- Prentiss Creek Resource Center (ESL, Youth Mentoring, etc)

Since the vast majority of expenses in the General Fund is related to personnel, the reduction or elimination of one or more of the above services would likely result in staffing reductions. A list of the prioritized services is attached.

Please provide a list of the General Fund expense reductions that have taken place in 2009, 2010 and 2011. (Durkin)

In 2009, the Village reduced expenses by approximately \$2.4 million in response to rapidly changing economic conditions. These expense reduction efforts were designed to be short term in nature and were not sustainable. In 2010 pursuant to the Long Range Financial Plan recommendations, the Village reduced General Fund expenses by \$2.6 million. The proposed FY11 General Fund budget includes \$2.4 million of expense reductions. The expense reductions in 2010 and 2011 are sustainable. The expense reductions are noted in the table below.

2011 Expense Reduction Efforts

Change in Health Care Provider Network	\$ 1,300,000
Staff Reductions via Attrition	\$ 880,000
Consolidated Dispatch with Westmont	\$ 225,000
Sub-Total	\$ 2,405,000

2010 Expense Reduction Efforts

Suspend Heritage Festival	\$ 494,000
Eliminate Bicycle Race	\$ 37,000
Eliminate Ice Sculpture Festival	\$ 23,000
Changes to Independence Day Parade	\$ 7,000
Changes to Health Plan	\$ 450,000
Elimination of Full and Part-Time Positions	\$ 1,023,000
Elimination of DARE	
Elimination of Counseling Services	
Suspension of Community Grants	\$ 72,000
Reductions in Taxi Subsidy Program	\$ 50,000
Efficiencies in Vehicle/ Fleet Management	\$ 400,000
Elimination of DuPage Senior Citizen Grant	\$ 39,000
Sub-Total	\$ 2,595,000

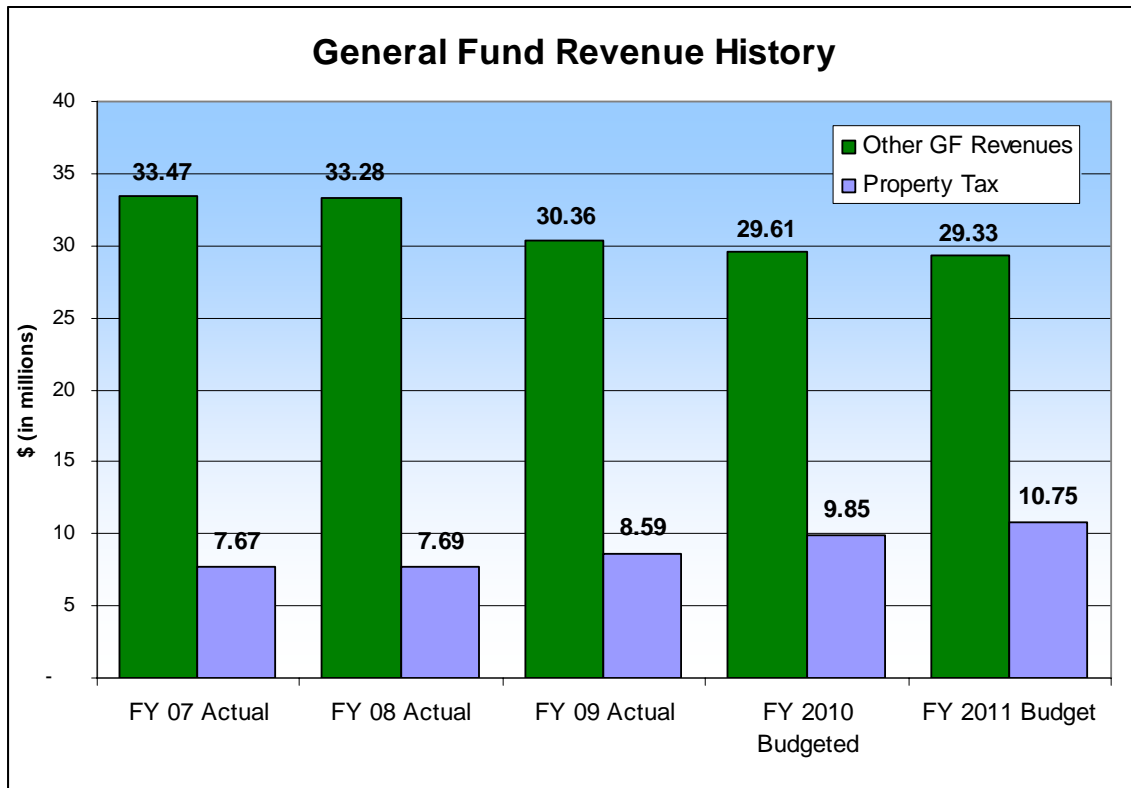
2009 Expense Reduction Efforts

Personnel Expenses	\$ 1,060,000
Contractual Expenses	\$ 360,000

Vehicle Fleet Expenses	\$ 210,000
Other Operating Expenses	\$ 770,000
Sub-Total	\$ 2,400,000
Total	\$ 7,400,000

Other than the property tax levy, how have General Fund revenues performed in recent years? (Durkin)

As noted in the graph below, General Fund revenue other than revenue from the property tax levy has declined by \$4.14 million since 2007.



Please provide a brief analysis of the budget suggestions presented by Mark Thoman (Sandack)

Mr. Thoman’s suggestions and staff’s responses are summarized below.

Option 1 – Terminate the Agreement with District 58 Regarding the Ogden TIF and Enter Into Revenue Sharing Agreements with All Taxing Bodies

Staff does not recommend this option. Terminating the existing agreement District 58 and entering into revenue sharing agreements with all taxing bodies would reduce the amount of increment available in the Ogden TIF fund. The annual increment, in the amount of approximately \$800,000 per year, is planned to be used to fund the OASIS program and to pay for right-of-way improvements including sidewalk construction. This option would reduce expenses in the General Fund by approximately \$135,000 and would

reduce the increment in the Ogden TIF fund by about \$400,000. District 58 would have to agree to the termination of the existing agreement.

Option 2 – Declare a Surplus in the Ogden TIF and Disburse \$2.68 Million to Taxing Bodies

Staff does not recommend this option. Declaring a surplus in the Ogden TIF District would reduce the balance in the fund by \$2.68 Million. The fund balance is planned to be used to fund the OASIS program and to pay for future right-of-way improvements including sidewalk construction.

Option 3 – Transfer Funds from the Parking Fund and Library Fund to the General Fund.

Staff does not recommend this option. Staff recommends maintaining current cash levels in the Parking Fund to help make future payments on the existing debt on Downtown TIF bonds. The Library Fund cash balances are not available for use by Village because library funds are controlled by the Library board.

Option 4 – Transfer Funds from the Downtown TIF Fund to the General Fund

Staff does not recommend this option. All of the money in the Downtown Fund is likely to be used to make future payments on the existing debt on Downtown TIF bonds. If at the termination of the TIF there are sufficient funds available to repay the General Fund, a transfer can be made at that time.

Option 5 – Policy Change in the Downtown TIF

Staff does not recommend this option. There is no surplus in the Downtown TIF fund. All money in the fund is likely to be used to make future payments on the existing debt on Downtown TIF bonds.

Attachments

List of Prioritized Services

	Highest
	Emergency Police Response
	Emergency Fire Response
	Emergency Medical Response
	Capital Improvements: Stormwater (New)
	Economic Development
	Village Operations Center (911 dispatch)
	Police Patrol
	Snow Removal
	Garbage and Recycling Collection
	Non-emergency Police Response
	Building Code Enforcement (Building, Construction, Fire, etc)
	Criminal Investigations
	Capital Improvements: Water (System Maintenance: meter repair, watermain replacements, watermain breaks, meter testing)
	Capital Improvements: Streets (Reconstruction and Resurfacing)
	Street Maintenance (stormwater system, pot holes, removing branches, etc)
	High
	Community Planning
	Boards and Commissions
	Street Light Maintenance
	Emergency Preparedness and Planning
	Drug Enforcement
	Plan Review (Fire, Stormwater, Drainage, Construction)
	Traffic Signal Maintenance
	Fire, Paramedic, and Police Training
	Traffic Enforcement
	Facility Maintenance
	Medium
	Permit and License Administration (Building, Construction, Liquor, Electrician, etc)
	Yardwaste Collection
	Capital Improvements: Parking Maintenance
	Sidewalk Maintenance
	Downtown Initiatives (Façade Program, Parking Concerns, etc)
	Police Community Presence (walking downtown, safety committees, commissions, partnerships)
	Capital Improvements: Sidewalks (New)
	Engineering (project management and administration)
	Zoning and Property Maintenance Code Enforcement
	Staff Training
	Community Response Center
	Tree Maintenance
	Grounds Maintenance
	OnDemand and Interactive Communications
	Commuter Parking Program
	Crossing Guard Program
	Environmental Sustainability/Green Operations
	July 4th Parade
	Tree Planting (New)

Cable TV/Video
Website/podcasts
Public Works Community Presence
Parking Enforcement
Fire Public Education (Classes, drills, etc)
Capital Improvements: Facilities (New)
Print Media
Low
Ancillary Services (motorist assists, vacation checks, process abandoned vehicles, etc)
DARE Program
Fire Community Presence (Trucks at block parties, etc)
Community Special Event Coordination (Farmers Market, Downtown, etc)
Tree Lighting Ceremony
Traffic Calming
Recycling Extravaganza
US PRO Criterium Bike Race
Downtown Beautification
Wildlife Animal Control
Counseling and Other Social Services
Du Page Senior Citizen Council Support
Heritage Festival
Lowest
Leaf Collection
Other Police Public Education (carseat checks, crime prevention, tobacco checks, etc)
Taxi Subsidy Program
Capital Improvements: Bikeways (New)
Domestic Animal Control
Community Grants Program
Grove Commuter Shuttle
Historic Preservation
Prentiss Creek Resource Center (ESL, Youth Mentoring, etc)
Holiday Recognition Program
Ice Sculpture Festival