

VILLAGE OF DOWNERS GROVE
REPORT FOR THE VILLAGE COUNCIL MEETING
OCTOBER 16, 2012 AGENDA

SUBJECT:	TYPE:	SUBMITTED BY:
Proposed FY13 Municipal Budget	✓ Resolution Ordinance Motion Discussion Only	David Fieldman Village Manager

SYNOPSIS

Ordinance approving the FY13 Municipal Budget.

STRATEGIC PLAN ALIGNMENT

The goals for 2011-2018 include *Steward of Financial and Environmental Responsibility*.

FISCAL IMPACT

The FY13 Municipal Budget will provide for all operational revenues and expenditures for the time period from January 1, 2013 through December 31, 2013.

UPDATE & RECOMMENDATION

This FY13 Proposed Budget was discussed at the October 6 Budget Workshop and at the October 9, 2012 Village Council meeting. Staff has prepared the attached responses to Council questions asked at the October 6 workshop.

Staff recommends adoption of the budget on the November 6, 2012 Active Agenda.

BACKGROUND

On September 28, 2012, the proposed FY13 Municipal Budget was published for the Village Council and the public. The proposed budget is available at <http://www.downers.us/govt/village-budget>. A Budget Workshop will be held at Fire Station 2 on Saturday, October 6, 2012. Staff will present information related to the following funds at the Workshop:

- General Fund
- Health Insurance Fund
- Risk Fund
- Fleet Services Fund
- Equipment Replacement Fund
- Police Pension Fund
- Fire Pension Fund
- Stormwater Fund
- Water Fund
- Parking Fund
- Capital Fund (Streets & Sidewalks)
- MFT Fund
- Major Buildings Fund
- Downtown TIF Fund
- Ogden TIF Fund
- Transportation Fund

During the presentation both Village Council and residents will have the opportunity to ask questions. 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:

- Budget Discussion Tuesday, Oct. 16
- Coffee with the Council Saturday, Oct. 20
- Budget Public Hearing Tuesday, Nov. 6
- Estimated Levy Discussion Tuesday, Nov. 6

- Vote to Adopt Budget Tuesday, Nov. 13
- Adopt Estimated Tax Levy Tuesday, Nov. 13
- Tax Levy Public Hearing Tuesday, Dec. 4
- Adoption of Tax Levy Tuesday, Dec. 11

ATTACHMENT

Answers to Budget Questions from 10-6-12 Workshop

ORDINANCE NO. _____

**AN ORDINANCE ADOPTING THE FISCAL YEAR 2013
BUDGET IN LIEU OF PASSAGE OF AN APPROPRIATION ORDINANCE**

WHEREAS, the Village Council of the Village of Downers Grove has provided for the preparation and adoption of an annual budget in lieu of passage of an appropriation ordinance for the fiscal year 2013; and

WHEREAS, a proposed annual budget has been prepared, published by the Village Council and made available for inspection for at least ten days, all as provided by law; and

WHEREAS, notice has been given and a public hearing held on November 6, 2012, as provided by law; and

WHEREAS, the Village Council of the Village of Downers Grove has examined said annual budget and has heard all persons appearing and desiring to be heard concerning said annual budget,

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

SECTION 1. That the tentative annual budget heretofore prepared by the Village Manager and placed on file as required by the statutes of the State of Illinois is hereby adopted in lieu of the passage of an appropriation ordinance for the fiscal year 2013 with the following amendments:

FY 2013 BUDGET ORDINANCE

Fund Description	Fiscal Year 2013 Recommended Budget
GENERAL FUND	
GENERAL FUND	41,630,878
SPECIAL REVENUE FUNDS	
102 MOTOR FUEL TAX FUND	1,500,000
107 DOWNTOWN REDEVELOPMENT TIF FUND	2,672,326
109 2% FOREIGN FIRE INSURANCE FUND	150,000
110 OGDEN AVENUE TIF (Tax Increment Financing) FUND	2,087,158
111 TAX REBATE FUND	825,000
112 TRANSPORTATION FUND	282,139
114 ASSET FORFEITURE FUND	50,000
TOTAL SPECIAL REVENUE FUNDS	7,566,623
CAPITAL PROJECTS FUNDS	
220 CAPITAL PROJECTS FUND	19,228,042
223 MAJOR BUILDINGS FUND	352,000
226 REAL ESTATE FUND	198,845
TOTAL CAPITAL PROJECTS FUNDS	19,778,887
DEBT SERVICE FUNDS	
337 1998 FAIRVIEW AVENUE DEBT SERVICE FUND	200,000
338 CBD-TIF DEBT SERVICE FUND	2,814,126
339 CAPITAL DEBT SERVICE FUND	3,632,546
TOTAL DEBT SERVICE FUNDS	6,646,672
ENTERPRISE FUNDS	
443 STORMWATER FUND	5,957,097
471 PARKING FUND	1,690,000
481 WATER FUND	18,055,981
TOTAL ENTERPRISE FUNDS	25,703,078

FY 2013 BUDGET ORDINANCE

<u>Fund Description</u>	<u>Fiscal Year 2013 Recommended Budget</u>
INTERNAL SERVICE FUNDS	
530 EQUIPMENT REPLACEMENT FUND	1,666,700
531 FLEET MAINTENANCE FUND	1,812,836
562 RISK MANAGEMENT FUND	1,485,717
563 HEALTH INSURANCE FUND	6,399,829
TOTAL INTERNAL SERVICE FUNDS	11,365,082
TRUST FUNDS	
651 POLICE PENSION FUND	3,173,252
652 FIRE PENSION FUND	2,917,652
TOTAL TRUST FUNDS	6,090,904
PUBLIC LIBRARY FUNDS	
LIBRARY OPERATIONS FUND	4,903,900
LIBRARY CONSTRUCTION FUND	220,000
LIBRARY DEBT FUND	649,340
TOTAL PUBLIC LIBRARY FUNDS	5,773,240
TOTAL VILLAGE AND LIBRARY BUDGETS	124,555,364

SECTION 2. That the Village Manager is hereby authorized and directed to cause to be prepared and published the Fiscal Year 2013 Annual Budget with the aforementioned amendments.

SECTION 3. That all ordinances or resolutions, or parts thereof, in conflict with the provisions of this Ordinance be and are hereby repealed.

SECTION 4. That this Ordinance shall be in full force and effect from and after its adoption and publication as required by law.

Mayor

Passed:

Published:

Attest: _____

Village Clerk

Budget Questions 10-6-2012 Saturday Workshop

Please recreate the penny chart that shows the distribution of property taxes paid to all taxing bodies.

Please see the attached chart.

How does the Village know that the actuarial calculations for the required contributions to the pension funds are correct?

Each year the Village's financials are audited by an independent audit firm. The pension, levy calculations, and pension footnote disclosure are reviewed as a part of this audit.

Has the Village considered leasing computer equipment?

Staff has looked into leasing computer equipment in the past and has found that most leasing programs are for three years, which is shorter than the Village's current computer replacement schedule of four years. Additionally, staff found that it is a more expensive option. In general, staff does not recommend leasing equipment because the overall benefits of leasing (conservation of cash, high cost of obtaining funding, or tax advantages) do not apply to the Village. The Village benefits from competitive procurement processes, either through RFPs or joint purchasing agreements and the internal cost of funds is substantially lower than what could be obtained from outside sources. The Village has the funds available in the Equipment Replacement Fund, which is designed to maintain a cash balance necessary to make all vehicle and computer related purchases in timely manner without adverse impacts on the Village's annual operating budgets. The Village can vary the timing and amount of these pre-payments to the fund and of actual purchases based on overall Village needs and financial conditions. Leasing would require the Village to make annual payments that would not vary.

Can staff provide an update on the AMR system and efforts to reduce water loss?

The automated meter reading (AMR) system was installed beginning in 2001. At the time that the system was presented to Council for approval, several advantages were identified, including the following:

1. Daily meter reading from every meter in the system
2. Village-owned infrastructure, which requires no additional expenditure for these daily readings
3. Management reports on a daily basis, to include hi/low consumption, zero consumption, tamper detection, and error detection (hardware related problems)
4. Web-based access to all data (through the Village's intranet)
5. Proven service and support for all software and hardware related issues
6. An open architecture that the Village can expand upon throughout the life of the system
7. More efficient and responsive customer services

With 11 years of experience using the AMR system, staff has observed these benefits firsthand and the system has improved the overall operation of the water system. One area in particular where the system

has been most useful relates to #1 and #2 above. The remote daily reading capability of the system has vastly improved the efficiency and accuracy of the water system.

Prior to the system being in place, the Village relied on outside meter readers to determine the reading of the 16,000 accounts within the Village. Due to the difficulty obtaining some of these reads, there were times when up to 2,000 accounts per month were not actually read, but instead estimated for billing purposes based on prior consumption. To the extent that these estimated reads extended over long periods of time and were lower than actual consumption, these water users were not paying what they should have for water. The introduction of the AMR system eliminated this problem.

Even with the introduction of the AMR system, there still remain other reasons why the Village is not able to fully account and bill for all of the water purchased from the DuPage Water Commission. These reasons include water main breaks, water leakage, and municipal use of water for service delivery in several areas.

There are other strategies that the Village has employed to minimize water loss, which include the following:

- Leak Detection Services – In June of this 2011, Council authorized a 3-year contract with a firm that specializes in the identification of water leakage throughout the system. Over the past few years, similar leak detection efforts have resulted in the identification of an average of 21 leaks per year that were responsible for an estimated average water loss of 227,000 gallons of water per day.
- Accelerated Water Main Replacement – FY2012 included funding to support a \$10 million bond issue that will allow the Village to undertake significantly more water main replacement over the next three to four years than has been completed in the past. This will have the effect of improving the quality of infrastructure in the system and minimizing water main breaks.

What percentage of the proposed water rate increase is attributed to the City of Chicago, and what is attributed to the DuPage Water Commission (DWC)?

The price increase includes a pass-through of the City of Chicago water rate increases (70%) as well as increases for DWC existing debt service payments and planned capital improvements(30%).

Please provide an update on the asset forfeiture funds.

The Village currently has one officer assigned to the DuPage Metropolitan Enforcement Group or DuMeg. The Village also has one officer assigned to the D.E.A., Task Force 24, located in Rosemont, IL. This task force is comprised of D.E.A. agents, members of the Chicago Police Department and officers from several other Chicago metropolitan area police departments. Because the Village has an officer assigned to this task force, it receives a percentage of money seized through the federal asset forfeiture laws.

Below is a synopsis of what the Village has received from its involvement in this task force year to date:

Total Amount Seized YTD	DG Amount	Amount Received YTD
\$13,710,750	\$463,670.28	\$66,656.95

As indicated above, the officer assigned to this task force has been involved in almost \$14 million in seizures and the Village is currently scheduled to receive \$463,670 of this money. This number can change depending on court proceedings as well as through the DEA approval process.

Please explain the proposed Virtual Desktop Infrastructure (VDI) mentioned in the Information Services Department Budget.

VDI is a new technology in delivering computing power to end-users. Instead of having a set of PC's (e.g., CPU, monitor, keyboard, etc.) on each employee's desk, VDI offers a centralized computing service to end user. To all end-users, what is displayed on the screen is exactly the same as that with a traditional PC environment while the entire end-user applications and data are stored and managed. On the end-users' desk, there will be only be a small (book size) communication box, monitor and a keyboard.

Advantages:

1. Much easier operating system image management
2. Easier application delivery
3. Much easier desktop support
5. Huge energy savings and greener computing environment
6. Long term cost savings (see below)

Cost:

The cost of VDI has been decreasing. As the initial setup cost of VDI may be the same as replacing PCs for Village Hall and the Fire Department with new PCs, the future replacement for Public Works and the Police Department will generate much smaller cost with VDI. VDI is a major trend in today's IT field in addition to cloud computing. Staff has a plan to fully test the new technology before making the final decision between VDI and the traditional PC replacement method. The proposed budget is for the traditional replacement method. Staff expects a lower cost of VDI if it is found as a valid solution the the Village.

Percent of Tax Bill Per Entity for Tax Year 2011 Collected in 2012

