

VILLAGE OF DOWNERS GROVE
REPORT FOR THE VILLAGE COUNCIL MEETING
OCTOBER 15, 2013 AGENDA

SUBJECT:	TYPE:	SUBMITTED BY:
Proposed FY14 Municipal Budget	Resolution ✓ Ordinance Motion Discussion Only	David Fieldman Village Manager

SYNOPSIS

Ordinance approving the FY14 Municipal Budget.

STRATEGIC PLAN ALIGNMENT

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

FISCAL IMPACT

The FY14 Municipal Budget will provide for all operational revenues and expenditures for the time period from January 1, 2014 through December 31, 2014.

UPDATE & RECOMMENDATION

The FY14 Municipal Budget was discussed at the Budget Workshop on Saturday, October 5 and the Village Council meeting on Tuesday, October 8. At the workshop, the Village Council directed staff to prepare information regarding potential changes to the Stormwater Utility program and fees. The information is provided in the attached memo. Additionally, at the October 8 Village Council meeting, the Council adopted a resolution authorizing a collective bargaining agreement with the Police Sergeants union and a revised compensation plan. The proposed budget ordinance has been amended accordingly. The attached spreadsheet shows the revised expense totals resulting from this change.

Additionally, at the workshop, a resident requested an explanation of the impact of the tax levy on the typical home. Each \$500,000 of the tax levy is equivalent to approximately \$23.63.

BACKGROUND

On September 27, 2013, the proposed FY14 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 5, 2013. 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. 15
- Coffee with the Council Saturday, Oct. 19
- Budget Public Hearing Tuesday, Nov. 5
- Estimated Levy Discussion Tuesday, Nov. 5
- Vote to Adopt Budget Tuesday, Nov. 12
- Adopt Estimated Tax Levy Tuesday, Nov. 12
- Tax Levy Public Hearing Tuesday, Dec. 10
- Adoption of Tax Levy Tuesday, Dec. 17

ATTACHMENTS

Ordinance

Changes to Proposed 2014 Budget Ordinance

October 11, 2013 Stormwater Memo

ORDINANCE NO. _____

**AN ORDINANCE ADOPTING THE FISCAL YEAR 2014
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 2014; 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 5, 2013, 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 2014 with the following amendments:

FY 2014 BUDGET ORDINANCE

Fund Description	Fiscal Year 2014 Recommended Budget
GENERAL FUND	
GENERAL FUND	43,698,613
SPECIAL REVENUE FUNDS	
102 MOTOR FUEL TAX FUND	1,350,000
107 DOWNTOWN REDEVELOPMENT TIF FUND	3,120,551
109 2% FOREIGN FIRE INSURANCE FUND	166,650
110 OGDEN AVENUE TIF (Tax Increment Financing) FUND	1,624,580
111 TAX REBATE FUND	900,000
112 TRANSPORTATION FUND	297,658
114 ASSET FORFEITURE FUND	50,000
TOTAL SPECIAL REVENUE FUNDS	7,509,439
CAPITAL PROJECTS FUNDS	
220 CAPITAL PROJECTS FUND	18,625,205
223 MAJOR BUILDINGS FUND	835,000
226 REAL ESTATE FUND	93,545
TOTAL CAPITAL PROJECTS FUNDS	19,553,750
DEBT SERVICE FUNDS	
337 1998 FAIRVIEW AVENUE DEBT SERVICE FUND	200,000
338 CBD-TIF DEBT SERVICE FUND	3,317,751
339 CAPITAL DEBT SERVICE FUND	3,220,977
TOTAL DEBT SERVICE FUNDS	6,738,728
ENTERPRISE FUNDS	
443 STORMWATER FUND	12,724,193
471 PARKING FUND	3,027,174
481 WATER FUND	17,309,278
TOTAL ENTERPRISE FUNDS	33,060,645

FY 2014 BUDGET ORDINANCE

<u>Fund Description</u>	<u>Fiscal Year 2014 Recommended Budget</u>
INTERNAL SERVICE FUNDS	
530 EQUIPMENT REPLACEMENT FUND	1,465,480
531 FLEET MAINTENANCE FUND	1,848,066
562 RISK MANAGEMENT FUND	2,550,125
563 HEALTH INSURANCE FUND	6,824,677
TOTAL INTERNAL SERVICE FUNDS	12,688,348
TRUST FUNDS	
651 POLICE PENSION FUND	3,576,702
652 FIRE PENSION FUND	3,136,652
TOTAL TRUST FUNDS	6,713,354
PUBLIC LIBRARY FUNDS	
LIBRARY OPERATIONS FUND	6,600,933
LIBRARY CONSTRUCTION FUND	2,073,666
LIBRARY DEBT FUND	621,052
TOTAL PUBLIC LIBRARY FUNDS	9,295,651
TOTAL VILLAGE AND LIBRARY BUDGETS	139,258,528

SECTION 2. That the Village Manager is hereby authorized and directed to cause to be prepared and published the Fiscal Year 2014 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

General Fund (001) Revenue & Expense Adjustments

REVENUES		EXPENSES		SURPLUS/ DEFICIT
Recommended Budget (9/27/13)	43,792,818	Recommended Budget (9/27/13)	43,568,613	224,205
		Salary & Benefit Increases	130,000	
Adjusted Recommended Budget (10/15/13)	43,792,818	Adjusted Recommended Budget (10/15/13)	43,698,613	94,205

Memorandum

To: Downers Grove Village Council
Date: October 11, 2013
From: David Fieldman, Village Manager
Re: Possible Adjustments to the Stormwater Fees and FY14 Budget

At the October 5, 2013 Budget Workshop Meeting, the Council directed staff to:

- Analyze the impact of varying fee increases on the stormwater fund and stormwater system; and
- Identify potential adjustments to the Stormwater Utility that could reduce the financial impact on owners of parcels that are property tax exempt while maintaining the general structure of the utility

This report:

- Details the impact of increasing the stormwater fees by 3% and 6% per year instead of the planned increases (10%, 7.53% and 7.77%)
- Identifies three potential changes to the stormwater utility program
 - Freezing the stormwater fee for property tax exempt parcels
 - Shifting the debt service payments on the 2008 bonds from the utility to the property tax levy
 - Amending the stormwater cost share program to help pay for improvements on property tax exempt parcels

Varying Fee Increases

The utility model represents an equitable method of collecting revenue from those properties that place a demand on the stormwater system. Revenue is generated by charging all property owners a monthly stormwater fee based on the property's impact to the stormwater system. Revenues generated by the fee are used to pay operation and maintenance expenses, invest in capital improvements and make the annual debt service payments on the 2008 stormwater bonds.

Current revenues of about \$3.5 million per year are not enough to meet the costs of owning and maintaining the stormwater system to the established standards. This shortfall was identified and quantified when the stormwater utility was created. The plan is to increase fees each year with a goal of revenues meeting standards in 2028 (15 years after the establishment of the utility). The standards for annual maintenance activities are shown on the attached Exhibit 1.

The table below shows the total revenue necessary to meet maintenance standards as outlined in the March 2012 Stormwater Utility Study prepared by Municipal & Financial Services Group (MFSG), divided into the categories of Operations and Maintenance, Capital and Debt Service.

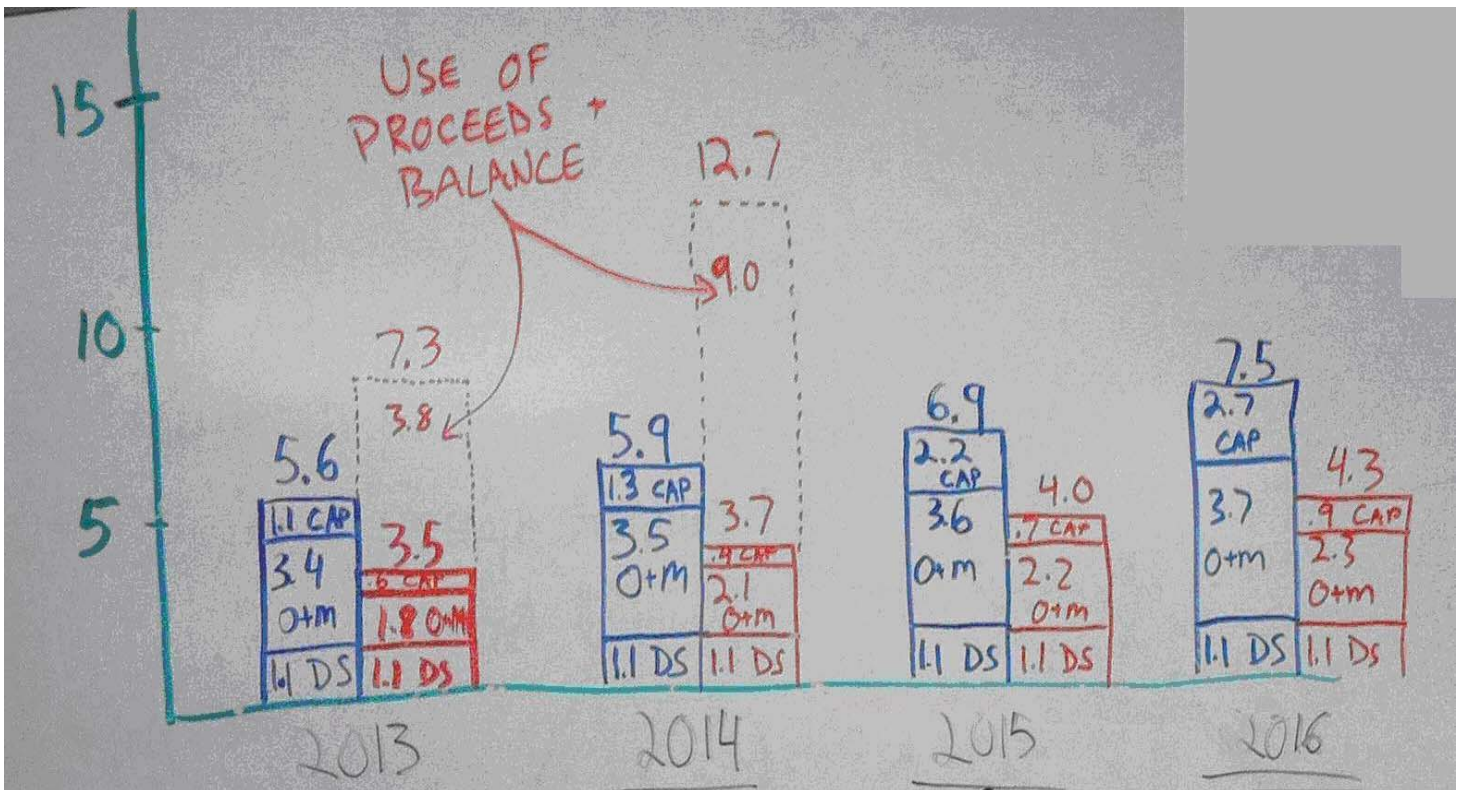
Table: Expenses to Meet Standards for Stormwater Management System (in Millions)

	2014	2015	2016
Operations and Maintenance (O&M)	\$3.5	\$3.6	\$3.7
Capital	\$1.3	\$2.2	\$2.7
Debt Service	\$1.1	\$1.1	\$1.1
Revenue Required	\$5.9	\$6.9	\$7.5

To meet the required revenues as shown in the table above, the per ERU fee in 2014 would be \$14.85 and would increase at a rate of approximately 16.8% in 2015 and 8.7% in 2016.

	2014	2015	2016
Per ERU Fee Required	\$14.85	\$17.35	\$18.85

The exhibit below was presented at the October 5, 2013 Budget Meeting to identify the differences between the total recommended level of service per the MFSG stormwater utility plan and the Village's planned use of stormwater funds. Numbers in blue represent the recommended level of service in millions of dollars set in the MFSG plan. Numbers in red represent proposed use of funds.



The proposed FY14 budget includes a fee increase of 10% with projected fee increases of 7.5% in FY15 and 7.8% in FY16. These fee increases are shown in the table below under the heading "Plan." The table also provides information about 3% and 6% annual fee increases.

Options for Stormwater Fee Increases

	3%				6%				Plan		
	2014	2015	2016		2014	2015	2016		2014	2015	2016
Fee Per ERU	\$8.65	\$8.91	\$9.18		\$8.90	\$9.43	\$10.00		\$9.24	\$9.94	\$10.71
Rev	3.5m	3.6m	3.7m		3.6m	3.8m	4.0m		3.7m	4.0m	4.3m
O&M	2.1m	2.2m	2.3m		2.1m	2.2m	2.3m		2.1m	2.2m	2.3m
Capital	.3m	.3m	.3m		.4m	.5m	.6m		.5m	.7m	.9m
Debt Serv	1.1m	1.1m	1.1m		1.1m	1.1m	1.1m		1.1m	1.1m	1.1m

In 2014, the Village will spend down the existing \$9 million in fund balance and bond proceeds. In subsequent years, annual revenues allocated to be spent on capital projects will be less than \$1 million (\$300,000 to \$900,000 each year depending upon the amount of the fee increases). At these funding levels, capital projects will consist of replacement of existing infrastructure (storm sewer replacements and headwall replacements) and a small amount of streambank stabilization. Each \$100,000 in capital spending equals about 650 feet of storm sewer replacement. For all fee increase alternatives, O&M funding would range from \$2.1 to \$2.3 million per year while capital spending would vary. Money can be shifted from capital expenses to O&M expenses. However, capital spending should be at least \$300,000 per year.

Potential Changes to the Stormwater Utility

Staff identified three potential adjustments to the Stormwater Utility that could reduce the financial impact on property tax exempt parcel owners while maintaining the general structure of the utility.

Freeze the Stormwater Fee Rate for Property Tax Exempt Parcels - The stormwater fee rate for property tax exempt parcels would remain at \$8.40 per ERU. Revenue generated from these properties would remain at approximately \$200,000 per year as the revenue generated from other properties would increase each year. While the amount each property tax exempt parcel pays in stormwater fees would be based on its impervious area, the total amount paid by the property tax exempt parcels as a percentage of all fees paid would be reduced overtime as the stormwater fee increases for all other properties. Freezing the fee for property tax exempt parcels while raising the fee to \$9.24 for all other parcels would reduce the revenue generated by the fee increase by about \$20,000.

Remove Debt Service Payments on the 2008 Bonds from the Utility Fee and Use Property Tax Revenues for These Payments - The Village issued \$25 million in bonds in 2008 and used the proceeds to make needed stormwater infrastructure capital improvements. The annual payments on these bonds of \$1.14 million are currently made from the Stormwater Fund with revenue generated from stormwater fees. Removing the \$1.14 million annual debt service payments from the stormwater utility would shift the required payments to the Village's property tax levy. The property tax levy would be increased by \$1.14 million and the stormwater utility fees would be reduced to \$6.44 per ERU in 2014. The impact of this shift on a typical house would be a \$20.51 total increase (\$54.11 increase in property and a \$33.60 decrease in stormwater fees). Property tax exempt parcels would receive a 23% reduction in stormwater fees.

Effects of Placing the Debt Service Payments on the Property Tax Levy

	Proposed FY14 Budget	Option with Debt Service Placed on Levy	Difference
Total Property Tax Levy	\$11,590,047	\$12,734,847	\$1,144,800
Typical House Property Tax Payment	\$547.77	\$601.88	\$54.11
Typical House Stormwater Fees	\$110.88	\$77.28	(\$33.60)
Total Typical House Payments	\$658.65	\$679.16	\$20.51

Amend the Stormwater Cost-Share Program to Include Improvements on Property Tax Exempt Properties - The Village currently operates a [stormwater improvement cost share program](#). Only residential projects are eligible under the current program. The Village currently budgets \$50,000 for this program. The program could be amended to such that the Village would pay for a portion of qualifying stormwater improvements on property tax exempt parcels using money from the Stormwater Fund. The property tax exempt parcel in question would pay for the remaining portion of the project cost and would then receive a credit reducing their monthly stormwater fee. Funding for this program would have to be increased due to the increased scope of the program and to ensure qualified projects requesting funding are able to obtain it. Funds for the cost-sharing program would come out of the portion of stormwater fee revenue obligated to capital projects.

Attachments

Exhibit 1: Stormwater System Maintenance Standards

Exhibit 2: Annual Stormwater Fees Paid by Property Tax Exempt Parcels

Exhibit 1: Stormwater System Maintenance Standards

Maintenance Activities		Assets	Current		Recommended	
			Assets Managed Per Year	Maintenance Frequency (Years)	Assets Managed Per Year	Maintenance Frequency (Years)
Structure Maintenance	Catch Basin Cleaning	7,000	650	11	1,750	4
	Structure Repair	7,000	20	350	70	100
	Structure Replacement	7,000	10	700	35	200
	Lid Replacement	7,000	20	350	70	100
Storm Sewer	Cleaning	128 miles	10	13	27	5
	TV Inspection	128 miles	7	18	27	5
Street Sweeping	Sweeping - Curb & Gutter	80 miles	720	9x*	1,200	15x*
	Sweeping - Curb & Gutter CBD	20 miles	440	22x*	800	30x*
	Sweeping - Rural Section	50 miles	0	0	150	3x*
	Debris Removal & Disposal		0	0	1	1
Stream Maintenance	Initial Maintenance	12 miles	0	0	4	3
	Inspection	12 miles	1	12	12	1
	Routine Maintenance	12 miles	2	6	4	3
Ditch Cleaning	Regrading / Restoration	60 miles	3	20	6	10
Drainage Complaints	Investigate Various Problems	NA	25	NA	50	NA
Storage Facility Maintenance	Maintain Vegetation	4 Acres	11	0.4	12	0.3
	Remove Debris, Sediment	12	3	4.8	12	1
	Repair Structure	4	1	4	2	2

*x- represents times per year

Exhibit 2: Annual Stormwater Fees Paid by Property Tax Exempt Parcels

OwnerName	PINcount	Total ERU	Bi-monthly Fee	Annual Fee	Annual Credits	Annual Paid	Notes
1ST BAPTIST CHURCH	1	3.00	\$ 50.40	\$ 302.40		\$ 302.40	
1ST CHURCH CHRIST SCIENT	1	5.00	\$ 84.00	\$ 504.00		\$ 504.00	
1ST PRESBYTERIAN CHURCH	1	1.00	\$ 16.80	\$ 100.80		\$ 100.80	
ADVOCATE HEALTH CARE	9	51.90	\$ 871.92	\$ 5,231.52		\$ 5,231.52	
AVERY COONLEY SCHOOL	6	48.30	\$ 811.44	\$ 4,868.64		\$ 4,868.64	
BETHEL EVANGELICAL	1	1.00	\$ 16.80	\$ 100.80		\$ 100.80	
CHILDSERV INC	1	2.00	\$ 33.60	\$ 201.60		\$ 201.60	
COMMUNITY HOUSING ASSN DUPAGE	4	14.00	\$ 235.20	\$ 1,411.20		\$ 1,411.20	
COUNTY OF DUPAGE	2	0.60	\$ 10.08	\$ 60.48		\$ 60.48	
DIOCESE OF JOLIET	20	111.30	\$ 1,869.84	\$ 11,219.04	(\$1,038.24)	\$ 10,180.80	St. Mary's Church Education Credit - 5 PINs: 09 08 221-(001, 014, 015, 027,and 028)
DOWNERS GROVE CHURCH	2	14.00	\$ 235.20	\$ 1,411.20		\$ 1,411.20	
DOWNERS GROVE COMM CHURCH	3	16.30	\$ 273.84	\$ 1,643.04		\$ 1,643.04	
DOWNERS GROVE PARK DIST	153	563.40	\$ 9,465.12	\$ 56,790.72	(\$56,790.72)	\$ -	100% Partner Credit
DOWNERS GROVE PUBLIC LIBRARY	3	11.00	\$ 184.80	\$ 1,108.80		\$ 1,108.80	
DOWNERS GROVE SAN DIST	19	237.50	\$3,990.00	\$ 23,940.00	(\$11,854.08)	\$ 12,085.92	50% Credit on 16 PINs Direct Discharge
DOWNERS GROVE TOWNSHIP	6	7.50	\$ 126.00	\$ 756.00		\$ 756.00	
FAITH UNITED METHODIST	1	19.00	\$ 319.20	\$ 1,915.20		\$ 1,915.20	
FAMILY SHELTER SERVICE	1	9.00	\$ 151.20	\$ 907.20		\$ 907.20	
FIRST BAPTIST CHURCH	2	17.00	\$ 285.60	\$ 1,713.60		\$ 1,713.60	
FIRST CHRISTIAN CHURCH	3	22.00	\$ 369.60	\$ 2,217.60		\$ 2,217.60	
FIRST CONGREGATIONAL	1	10.00	\$ 168.00	\$ 1,008.00		\$ 1,008.00	
FIRST UNITED METHODIST	3	24.00	\$ 403.20	\$ 2,419.20		\$ 2,419.20	
FOREST PRESERVE DISTRICT	21	68.90	\$ 1,157.52	\$ 6,945.12		\$ 6,945.12	
GLORIA DEI LUTHERAN	1	13.00	\$ 218.40	\$ 1,310.40		\$ 1,310.40	
GOOD SHEPHERD EVANGELICAL	3	22.00	\$ 369.60	\$ 2,217.60		\$ 2,217.60	
GROVE SENIOR LIVING LP	1	26.00	\$ 436.80	\$ 2,620.80		\$ 2,620.80	
HOBSON RD COMMUNITY CHURC	1	13.00	\$ 218.40	\$ 1,310.40		\$ 1,310.40	
ILL ASSOCIATION OF 7TH DAY ADVENTIST	1	22.00	\$ 369.60	\$ 2,217.60		\$ 2,217.60	
ILL ST TOLL HWY AUTH	4	39.00	\$ 655.20	\$ 3,931.20		\$ 3,931.20	
IMMANUEL EVANGELICAL	6	22.00	\$ 369.60	\$ 2,217.60		\$ 2,217.60	
IMMANUEL RESIDENCES	1	19.00	\$ 319.20	\$ 1,915.20		\$ 1,915.20	
JEHOVAHS WITNESSES	2	13.00	\$ 218.40	\$ 1,310.40		\$ 1,310.40	
LITTLE FRIENDS INC	6	39.34	\$ 660.91	\$ 3,965.46		\$ 3,965.46	
MARQUETTE MANOR	2	80.00	\$ 1,344.00	\$ 8,064.00		\$ 8,064.00	
MIDWESTERN UNIVERSITY	3	61.30	\$ 1,029.84	\$ 6,179.04	\$0.00	\$ 6,179.04	Credits only apply to PIN labelled Commercial
PROVIDENCE DOWNERS GROVE	2	45.00	\$ 756.00	\$ 4,536.00		\$ 4,536.00	
RAY GRAHAM ASSOCIATION	3	6.00	\$ 100.80	\$ 604.80		\$ 604.80	
ROMAN CATHOLIC DIOCESE	2	7.00	\$ 117.60	\$ 705.60		\$ 705.60	
SCHOOL DISTRICT NO 58	38	505.90	\$ 8,499.12	\$ 50,994.72	(\$14,775.00)	\$ 36,219.72	Education Credit \$14,775 Based on 4,925 students x \$3

OwnerName	PINcount	Total ERU	Bi-monthly Fee	Annual Fee	Annual Credits	Annual Paid	Notes
SCHOOL DISTRICT NO 99	19	391.20	\$ 6,572.16	\$ 39,432.96	(\$15,111.60)	\$ 24,321.36	Education Credit \$5,787 Based on 1,929students x \$3 plus Site Runoff, Volume Reduction and Water Quality
SENIOR HOME SHARING INC	1	2.00	\$ 33.60	\$ 201.60		\$ 201.60	
ST ANDREWS EPISCOPAL	5	12.00	\$ 201.60	\$ 1,209.60		\$ 1,209.60	
ST LUKE PRESBYTERIAN	1	7.00	\$ 117.60	\$ 705.60		\$ 705.60	
ST MARY OF GOSTYN PARISH	1	1.00	\$ 16.80	\$ 100.80		\$ 100.80	
ST PAULS UNITED CHURCH	5	21.30	\$ 357.84	\$ 2,147.04		\$ 2,147.04	
UNITED STATES OF AMERICA	3	11.00	\$ 184.80	\$ 1,108.80		\$ 1,108.80	
VILLAGE OF DOWNERS GROVE	120	368.96	\$ 6,198.52	\$ 37,191.12		\$ 37,191.12	
WEST SUBURBAN HUMANE SOC	3	6.30	\$ 105.84	\$ 635.04		\$ 635.04	
YMCA OF CHICAGO	1	53.00	\$ 890.40	\$ 5,342.40		\$ 5,342.40	
			Total	\$ 308,951.94	(\$99,569.64)	\$ 209,382.30	