

VILLAGE OF DOWNERS GROVE
REPORT FOR THE VILLAGE COUNCIL MEETING
NOVEMBER 5, 2013 AGENDA

SUBJECT:	TYPE:	SUBMITTED BY:
FY14 Municipal Budget Public Hearing	<div style="display: flex; align-items: center;"> <div style="margin-right: 10px;">✓</div> <div> Resolution Ordinance Motion Discussion Only </div> </div>	David Fieldman Village Manager

SYNOPSIS

Public Hearing regarding the proposed FY13 Municipal Budget.

STRATEGIC PLAN ALIGNMENT

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

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, the Village Council meeting on Tuesday, October 8 and at Coffee with the Council on Saturday, October 19. Based on Council discussions at the Coffee with the Council, staff made changes to the stormwater budget reflecting a 6.4% increase in the stormwater utility fee. The proposed budget ordinance has been amended accordingly. The attached spreadsheet shows the revised expense totals resulting from changes directed by Council. In addition, in response to a Council question regarding the resulting changes to budgeted maintenance and capital activities, staff prepared the attached answer.

Staff recommends adoption on the Tuesday, November 12, 2013 Active Agenda.

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

Responses to Council Budget Questions

PROCEDURES FOR PUBLIC HEARING 2014 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 Suburban Life 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.**

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	12,598,913
471 PARKING FUND	3,027,174
481 WATER FUND	17,309,278
TOTAL ENTERPRISE FUNDS	32,935,365

FY 2014 BUDGET ORDINANCE

Fund Description	Fiscal Year 2014	
	Recommended	Budget
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		139,133,248

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 (11/05/13)		Adjusted Recommended Budget (11/05/13)		94,205

Stormwater Fund (443) Revenue & Expense Adjustments

REVENUES		EXPENSES		SURPLUS/ DEFICIT
Recommended Budget (9/27/13)	3,683,000	Recommended Budget (9/27/13)	12,724,193	(9,041,193)
Fee Increase at 6.4% (from 10%)	(125,280)	Decrease to O&M Expenses	(125,280)	
Adjusted Recommended Budget (11/05/13)		Adjusted Recommended Budget (11/05/13)		(9,041,193)

Staff Responses to Village Council Budget Questions - November 1, 2013

What stormwater capital projects and maintenance activities that should be completed will not be completed under the proposed revenues and expenses in the stormwater funds?

The recommended level of capital project investment and maintenance activities were established in the Watershed Infrastructure Improvement Plan, Community Investment Plan and Stormwater Master Plan. The recommended level of service was reviewed and verified as part of the Stormwater Utility Report.

The recommended level of service for FY14 calls for \$5.9 million of total revenues to be spent on \$1.3 million of capital projects and \$3.5 million of operations and maintenance activities and the remainder on debt service payments. The FY14 budget calls for about \$3.5 million in revenue.

At this level of revenue generation the following capital projects currently included in the Community Investment Plan would not be completed.

DR-022 - St. Joe's Creek South - Streambank Stabilization

DR-034 - Dredging of Prince Pond

DR-040 - Retaining wall improvements in Lacy Creek (Phase III)

SW-070 - Storm sewer replacement would be limited to about \$500,000 per year

SW-080 - improvements in response to the April flood

Maintenance activities listed in Exhibit 1 would be performed at levels closer to the Current level rather than the Recommended level.

What is the penalty for not spending the bond proceeds?

The penalty for not spending bond proceeds would be related to arbitrage. In the current interest environment, there is no arbitrage.

What are the intentions for the use of grants in the Stormwater Fund?

Since grants are one time revenues, they should be used for one time expenditures like capital projects or property acquisition. They should not be used to fund continued operations.

ATTACHMENTS

Exhibit 1 - Memo Regarding Stormwater Fee Adjustments

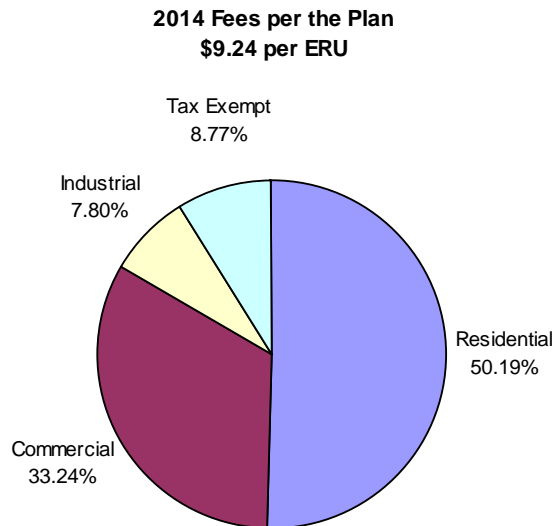
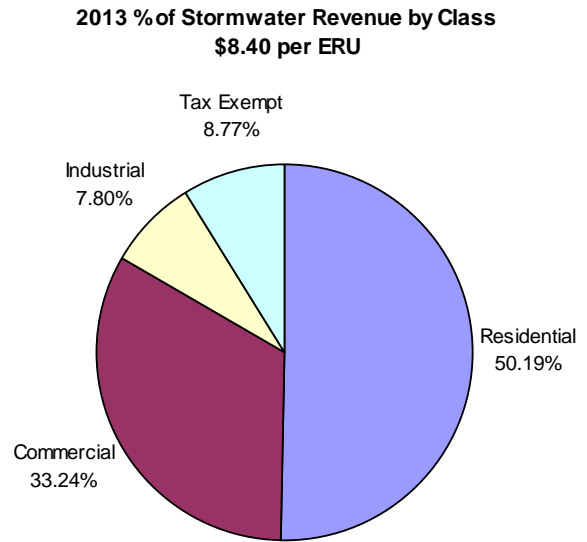
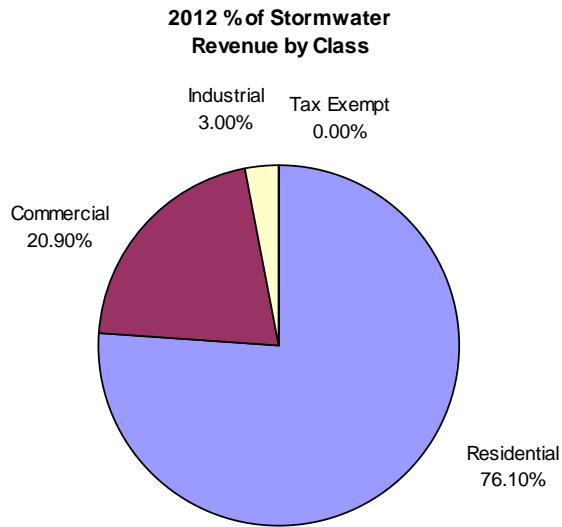
Pie Charts Showing Revenue Sources

Exhibit 1: Stormwater System Maintenance Standards

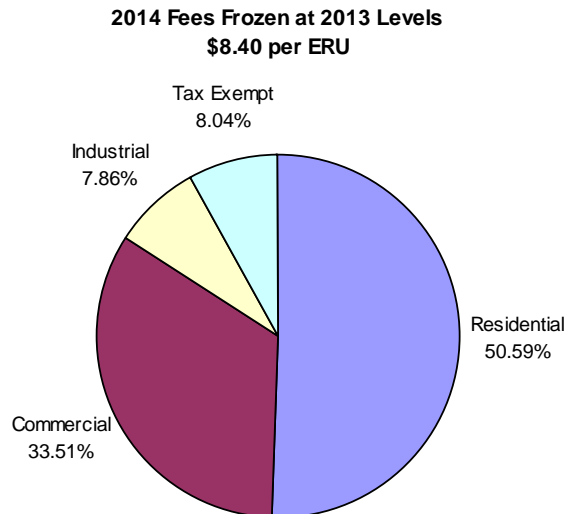
Maintenance Activities		Assets	Current		Recommended	
			Assets Managed Per Year	Maintenance Frequency (Years)	Assets Managed Per Year	Maintenance Frequency (Years)
Structure Maintenance	Catch Basin Cleaning	7,000	650	11	1,750	4
	Structure Repair	7,000	20	350	70	100
	Structure Replacement	7,000	10	700	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

2014 Stormwater Revenue Sources by Class Under Various Fee Scenarios for Tax-Exempt Properties

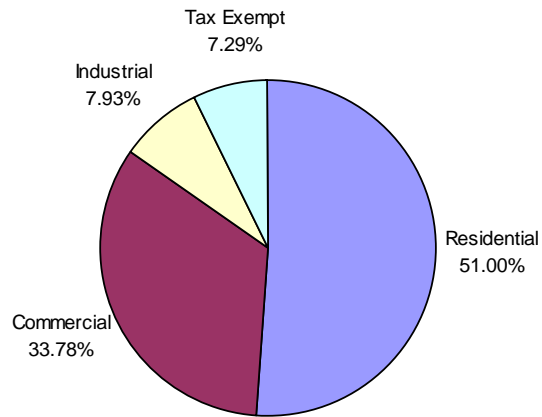


Foregone Net
Revenue:
\$0



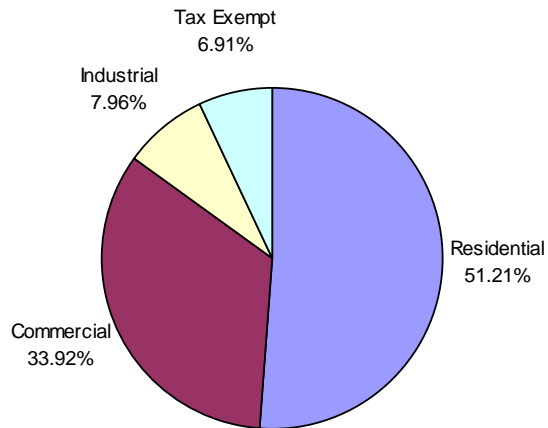
Foregone Net
Revenue:
\$30,500

2014 Fees Reduced by 10% from 2013 Level
\$7.56 per ERU



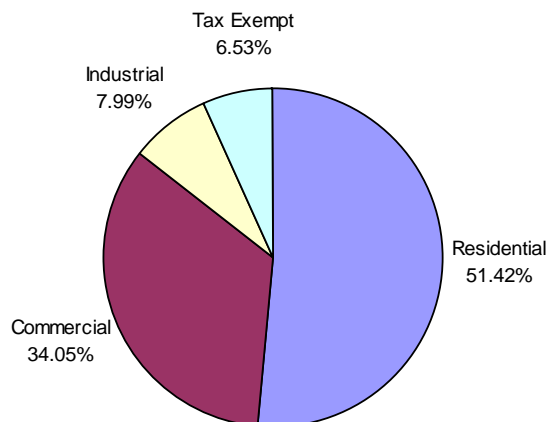
**Foregone Net
Revenue:
\$61,000**

2014 Fees Reduced by 15% from 2013 Level
\$7.14 per ERU



**Foregone Net
Revenue:
\$76,300**

2014 Fees Reduced by 20% from 2013 Level
\$6.72 per ERU



**Foregone Net
Revenue:
\$92,000**