

**MINUTES OF LONG RANGE PLANNING
VILLAGE COUNCIL MEETING
VILLAGE OF DOWNERS GROVE**

May 20, 2014

Mayor Martin Tully reconvened the meeting at 8:08 p.m. in the Committee Room at Village Hall, and welcomed everyone to this season's first long range plan meeting.

Council Members Present: Mayor Martin Tully; Commissioners Geoff Neustadt, Bob Barnett, Becky Rheintgen, David S. Olsen, Greg Hosé

Absent: Commissioner Sean P. Durkin

Staff Present: Dave Fieldman, Village Manager; Mike Baker, Deputy Village Manager; Enza Petrarca, Village Attorney; Judy Buttny, Finance Director; Nan Newlon, Public Works Director; Allison Deitch, Performance Manager; Doug Kozlowski, Communications Director; Fire Chief Jim Jackson; Police Chief Bob Porter; Nick Santoro Management Intern; April Holden, Village Clerk

The Mayor introduced Village Manager Dave Fieldman for tonight's presentation.

Dave Fieldman, Village Manager, said the 2014 Long-Range Plan (LRP) process is an update to the 2013-15 Plan. There are three objectives: 1) Review the three key issues, 2) Identify and address new trends and issues affecting the future of the Village, and 3) Review and modify, if necessary, the high and medium priority actions in the Plan.

The document guides future and present budget decisions as well as daily operations. Mr. Fieldman reviewed the schedule for the LRP meetings. He said that there will be one meeting per month planned through August 2014 to discuss these issues.

Mr. Fieldman then enumerated the goals for 2013-2015:

- Steward of financial and environmental sustainability
- Exceptional municipal services
- Top quality infrastructure
- Strong, diverse local economy
- Continual innovation

These goals remain largely unchanged over the past several years. They have served us well and the Village has achieved results supporting all of these goals. He said the results are summarized in the Village's annual reports.

Key issues and solutions include:

- Infrastructure maintenance gap
- Facilities sustainability
- Potential reduction in state-shared revenues – Local Government Distributive Fund (LGDF)

With respect of the infrastructure maintenance gap, last year revenues did not meet the expenses required to address the infrastructure system needs, with a shortfall of \$1.2 million. Existing revenue was identified which was originally targeted toward bond issue retirement and stormwater-related expenses, and moved to the street maintenance and infrastructure maintenance gap. That shift in revenues will be shown in the 2015 budget, and the Village is on target with respect to this issue.

With regard to facilities sustainability, the Village and staff are currently working on two options for major renovations and/or construction of a new Police Department/Village Hall. Additional meetings are scheduled for further discussion on this issue, with a potential decision being made by August 2014.

The third issue is the potential reduction in State-shared revenues, primarily income tax. The General Assembly may reduce the funds coming to all municipalities. The Village actions have been to continue to maintain substantial reserves, and continue to monitor State action while working to protect municipal revenues. The key is for the Village to position itself well and be sustainable should the State-shared revenues be reduced.

In response to Commissioner Barnett, Mr. Fieldman said that tonight the plan is to review issues for General Fund Revenues and Fund Balance, and set up discussions for the next four meetings including Risk Fund, Downtown TIF Debt Service, Stormwater Utilities revenue needs, and an update on Action Items.

Regarding the General Fund, the Manager said the Village has existing financial needs in many areas that have been demonstrated and quantified. The performance of the General Fund has been exceptional. Because of that the Village has a fund balance that exceeds its fund balance policy. He then displayed a graph showing the General Fund revenues from 2007-2013. Revenues have exceeded expenses every year since 2010 and expenses have been controlled. Total revenues in

the General Fund have increased by 12% since 2009. This is an average increase of 2.91% per year. Income tax, sales tax revenue and building permit revenue have been the key drivers of the revenue increase.

Expenses have only increased by 5.92% since 2009, which is an average increase of 1.46% per year. He noted that stormwater expenses were shifted to another fund which accounts for some of the expense control; however, overall expenses have remained in control. Personnel expenses have increased by about 2.5% per year, with salaries and wages increasing by less than 1% per year, led by staffing reductions in 2010. Pension expenses have increased 44.3%, determined largely by benefit levels controlled by the State.

The Manager discussed the Village's bond rating which is a strong measure of the municipality's overall performance. The Village has received the highest rating, AAA, issued by Standard and Poor's. This affects the Village's ability to borrow money at a lower cost, and more funds can go directly into infrastructure needs. This rating was the product of exceptional municipal management and financial stewardship. It is important for the Village to strive to maintain the AAA bond rating, while maximizing the value and utility of the money in the fund balance and make it work for the Village. A review of S&P's rating report suggests that the Village should maintain a fund balance of about \$16.6 million to maintain its AAA bond rating. Currently \$20.4 million is available, which means the Village has \$3.8 million left for existing, demonstrated financial needs. One recommended use for the \$3.8 million is to transfer \$1.9 million to the Transportation Fund because there is an accumulated deficit in this fund as a result of the operating year losses of the Commuter Shuttle. Because of that negative deficit, the funds have been calculated as not available. In addition, staff thinks some funds should be kept in the General Fund to address any reduction in State-shared revenues as well as transferring some funds to the Risk Fund, and to address the downtown TIF debt service. He said that after the June meeting, Council should be in a position to understand how to distribute those funds.

Commissioner Barnett said he would like to consider leaving the amount to be transferred to the Transportation Fund blank, as are the others. It need not necessarily be retired, as it is a debt to ourselves. He sees other needs and bigger priorities. He would also like to think about developing a plan long term, where they would be less dependent on the LGDF.

Commissioner Rheintgen asked how much has been put toward the Transportation deficit.

Finance Director Judy Buttny said it is less than \$100,000.

Mayor Tully said he agrees with respect to the Transportation Fund issue, as it is a debt to ourselves. He would like to stay open to more pressing needs as well. They need a plan to reduce their reliance on the LGDF. There are at least two bills under consideration in Springfield now. He would like the Village to align expectations with revenues. The Mayor said they should

always be realigning what services they can provide to the community. He said that some decision will have to be made in the future regarding the Community Grants Commission and the Community Grants Program. The Mayor said that they should ask about new expectations in line with the community at upcoming meetings. Regarding the Transportation Fund, it is really an accounting issue. If it were doing real harm to our bond rating, then they would want to address it.

Commissioner José asked what the incremental benefit is to our rating to eliminating the \$1.9 million. He also asked what benefits ratings more—the Risk Fund or the elimination of the Transportation Fund deficit.

The Mayor asked whether there is a way to rework the downtown TIF, and the Manager said that staff meets with the financial advisor tomorrow. The Mayor said he'd like to see them look at options for the Risk Fund as well.

Commissioner Neustadt commented on where the Village is now as compared to a few years ago. He said that the path is so much different and allows them to make good policy decisions. These are building blocks for the next meetings and he is happy to be a part of these meetings. These are important conversations to have as they are planning for the future of the Village.

Mayor Tully commented that it is important to remember what we are trying to achieve and to align achievements with community expectations.

Dr. Gordon Goodman asked how the targeted balance of expenses that S&P is looking at compares to the current Council policy for fund balances. The Manager replied that it is almost identical. The Village's current policy is a cash balance policy.

Dr. Goodman then asked about the participation of the residents regarding aligning services with expectations. He hopes that there will be some opportunity to talk about the action items that eliminated some services. You can ask people if they still expect services or if they are getting them somewhere else.

Mayor Tully said that Council members would bring this up at the next meeting. Comments can be made at any of the meetings this summer.

Dr. Goodman said they should do a little more to encourage participation, and explain that the budget picture looks better. The next meetings might be the opportunity to discuss expectations and other topics. He suggested participatory planning over the next six to ten years.

Tom LeCren commented that he keeps hearing about community expectations, and asked if they know what the community expectations are. The biggest thing he hears about is property taxes, and he suggested that perhaps they could get a little break.

Mayor Tully said that the Village is always trying to find ways to engage the community.

Commissioner Barnett commented that the Village has a track record of seeking community input. The Village has a stronger General Fund cash position, but it also has many needs and no extra money.

Commissioner Rheintgen commented that while the Village has a fund balance, it still has a lot of work to do.

Mr. LeCren then noted that sooner or later the Village will need to add more staff.

There being no further discussion, Mayor Tully adjourned the meeting at 9:18 p.m.