

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

**June 17, 2014**

Mayor Martin Tully reconvened the meeting at 7:38 p.m. in the Committee Room at Village Hall, and welcomed everyone to the second of four long range plan meetings.

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

Staff Present: Dave Fieldman, Village Manager; Mike Baker, Deputy Village Manager; Enza Petrarca, Village Attorney; Judy Buttny, Finance Director; Allison Deitch, Performance Manager; Doug Kozlowski, Communications Director; 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. He then reviewed the schedule for the long range planning efforts. This meeting will focus on the Risk Fund and Downtown TIF issues. The July meeting will be to exam the stormwater utility fees and revenue.

Mr. Fieldman provided a quick recap of the May meeting. He reviewed the graph showing revenues and expenses in the General Fund from 2007 to 2013. The General Fund has performed well over the past four years. Revenues have exceeded expenses each year since 2010. Revenues are performing better than annual budgets, and expenses have been controlled. The fund balance has grown and exceeds the Village policy and the benchmark amount noted in the Standard & Poor's rating report. However, the Village has existing, demonstrated needs. He said there is \$3.8 million available to address these needs while still meeting Village policy and S&P's benchmark amounts. Mr. Fieldman said Council will be asked to provide direction on the allocation of the \$3.8 million at the end of this meeting.

Regarding the Risk Fund, the Manager said this fund is used to pay claims for Workers Compensation, automobile liability and general liability. Revenues come from transfers from

other funds. The Village uses a third party administrator (TPA) and is self-insured. Self-insurance means the Village pays claims in cash instead of holding an insurance policy. The Village has stop-loss insurance as protection from catastrophic claims. Self-insurance reduces expenses in the long term. Mr. Fieldman presented a graph showing the financial performance of the Risk Fund from 2009-2013. In 2012 and 2013, cash expenses exceeded revenues. This resulted in a negative cash balance of \$622,000 as of the end of 2013. This cash balance is projected to reach negative \$1.9 million by the end of this year. The Village did not transfer enough money into the fund in 2012 and 2013 to cover cash expenses due to inaccurate projection of future expenses provided by the outgoing TPA at the end of 2011, and a delayed planned transfer of funds in 2013. In 2014, the Village is attempting to close out several existing and long-standing claims so future expenses are lower. Payout will be more than what was budgeted.

Mr. Fieldman said the Village has focused on efforts to create a safe place to work with healthy employees. Not only does this approach make for a positive work environment where people want to show up to work and contribute, it also reduces costs. He noted two key areas staff has focused on: Reducing vehicle accidents and Workers Compensation claims. There has been a reduction in vehicle accidents from 13 in 2011 to four in 2013. Workers Compensation claims averaged 45 per year from 2011-2013. There have been seven claims to date and 15 anticipated for the year. Strategies with respect to the Risk Fund include continuing to take actions that have reduced claims, make a one-time transfer from the General Fund, and increase the annual transfer.

Commissioner José asked if the different types of Workers Compensation claims can be categorized. Mr. Fieldman answered affirmatively, and said staff analysis has helped direct training efforts. The same is true of car accidents, and behaviors leading to those accidents.

In response to comments, Mr. Fieldman said the State controls the fee schedule as it relates to Workers Compensation. The cost is commensurate with the market.

Commissioner Rheintgen noted that park districts participate in the Park District Risk Management Association (PDRMA). She asked if there was a similar association for municipalities. Mr. Fieldman said the Village was a member of the Illinois Risk Management Association (IRMA), but self-insurance is a less expensive option.

Mr. Fieldman asked Mike Baker, Deputy Village Manager, to address the Downtown Tax Increment Financing (TIF) Fund.

Mike Baker, Deputy Village Manager, said staff has identified a future funding gap in the Downtown TIF. The Downtown TIF was put into place in 1997 and expires in 2020. He showed examples of redevelopment activity through the TIF. The Village also undertook

significant infrastructure activity using the Downtown TIF funds.

Mr. Baker then provided a financial overview of growth in the equalized assessed value (EAV) in the TIF. No one expected the recession that drove property values down. Because of the drop in values, we have a projected funding gap of \$5.2 million as a result of expenses exceeding revenues from 2018 through 2021. With respect to refinancing the debt, Mr. Baker explained that there are limitations with existing tax exempt bonds. Converting to taxable bonds increases interest rates. A dedicated revenue source is unavailable after the TIF expiration in 2021. He also noted that there are challenges with respect to TIF extensions. Extensions require approval of the General Assembly and other taxing bodies. Refinancing could also have a potential negative impact on our bond rating. Regarding potential strategies, Mr. Baker said staff will continue to monitor TIF financial conditions and update projections. Staff will work to refund callable bonds, consider potential opportunities associated with Option B of the Facilities Sustainability Plan, and, lastly, consider levying for the debt service.

Commissioner Neustadt said the TIF is working and pointed to the downtown infrastructure and redevelopment. This work needed to be done. The TIF has been a great resource for our community. Seeing the “before” and “after” photo presentation is a good indication of how far the downtown area has come. The improvements are spectacular.

Liz Chalberg said setting up the Downtown TIF was a multi-year project, and she suggested that now is the time to start thinking about renewing it.

George Swimmer, 4905 Main Street, said property values have not gone up and stores do not have lasting power in the downtown area. The traffic is horrible. The TIF is not what we thought it would be and is not working the way we thought it would.

Bill Waldack pointed out a typographical error on page 2-9 of the report. He said the cost to put the TIF gap on the levy would amount to about \$200 on everyone’s tax bill. Regarding the facilities, the Village owns the property. He thinks they should look at the timeline for redevelopment and building a state-of-the-art Police Department.

Jordan Macarus, 300 Burlington Avenue, said regenerative steps can result in sustainability.

Commissioner José said we need to consider whether the Village will continue to mandate Type 2 construction in the downtown area since it will impact the value of the land and could drive redevelopment in other areas of the Village.

Mr. Fieldman then addressed allocating the \$3.8 million identified in the General Fund. Doing so will still allow us to keep the Village’s AAA bond rating. He suggested funds could be allocated to address the Transportation Fund deficit, the Risk Fund deficit, the Downtown TIF debt service,

and the potential reduction in state-shared revenues – Local Government Distributive Fund (LGDF).

He said that one issue is the \$1.9 million Transportation deficit for the operation of the commuter shuttle. The General Fund was paying the Transportation Fund and that resulted in a \$1.9 million IOU. The Transportation Fund has no way of generating revenue. Standard and Poor's said the Village will never make good on that IOU and does not acknowledge the \$1.9 million. That suggests that staff should take the IOU and rip it up by applying the \$1.9 million to the Transportation Fund deficit. This drives the staff's recommendation to allocate \$1.9 of the \$3.8 million to the IOU. The other \$1.9 million should come from the General Fund to the Risk deficit, to maintain a positive cash balance. Staff does not recommend transferring money to the TIF because they think other options are viable. Staff recommends no set-aside for a potential reduction in income tax. The recommendations are based on immediate needs that are quantifiable. The Transportation Fund has already happened and is quantifiable. The Downtown TIF has an estimated gap, which might not hit for a few years. Staff wants Council's input as to staff's recommendation.

Commissioner Olsen commented that it is crucial to transfer the \$1.9 million to the Transportation Fund. The rating agency views the General Fund balance as \$1.9 million, not \$3.8 million, and he agrees with staff's recommendation regarding the Risk deficit.

Commissioner Neustadt stated that the Village has done a great job with its finances, and that it can make moves based on rating agencies and not management letters. The Village can make these payments while still maintaining its existing programs and payroll.

Mayor Tully noted that the Village is fortunate to be in this position and it is the result of hard and tough choices made over a number of years.

Commissioner Barnett commented that the Village is in this position because of economic recovery. It is also due to poor planning regarding the Risk Fund.

The Mayor said getting the obstacles out of the way allows them to attend to other things.

Mr. Fieldman noted that there were some extremely tough decisions made in 2009-2011 concerning the operations of the Village.

Commissioner Barnett said the TPA change has resulted in good news for the Village and has led to changes. That is good news.

Tom LeCren addressed the issue of the Risk Fund deficit. He said that this \$1.9 million will cover the deficit, but he asked if there is any thought to actually budgeting for this.

Mayor Tully replied that it will be funded at the appropriate level going forward. The Manager also answered that the Risk Fund has no revenues. Mayor Tully added that it is a budgeted allocation.

Mr. Waldack suggested they do an analysis regarding hiring a Safety Manager, and set aside Safety Fund targets as a reward/bonus to employees.

Mr. Macarus said he doesn't understand the whole transportation issue. The Mayor said that the Village entered into a partnership with PACE when it outsourced the commuter shuttle to PACE. The Village got out of the transportation business. The Village is a contract service provider for PACE.

Mr. Fieldman said the next meeting will update the Stormwater Utility fees and utilization of those fees.

There being no further discussion at this time, Mayor Tully thanked those in attendance, and adjourned the meeting at 8:37 p.m.