

Staff Responses to Council Questions for FY25 Budget 11/19/24

General Fund

Is there a plan to address scenarios in which revenues fall short of the budget and expenses exceed the budget?

Yes, there is a plan to address these types of budget performance issues. The components of the plan, should it need to be implemented, would likely consist of the action steps taken in 2020 to address the COVID pandemic and in 2009/10 in response to the Great Recession. These include filling essential vacancies only, purchasing essential items only, deferring capital projects, and other similar actions. There are several factors that could affect the budget, both positively and negatively over the year. Most of the Village's revenue sources have the potential to be impacted by general economic conditions at the local, state, national, and international levels. Staff will continually monitor the general economic conditions locally and abroad, and staff will be prepared to implement any strategies needed to address any impacts on Village revenues. Most of the Village's expenses are steady and predictable. However, expenses may increase if the Village has to provide additional services in response to unexpected emergencies. Further, general economic conditions may affect Village expenses. Staff is monitoring economic conditions with a focus on inflationary pressures, global supply chain issues, and international events. Throughout 2025, staff will provide reports to the Village Council and community on the Village's budget performance and propose any modifications to the budget, if necessary.

Please explain why the Village contributions to the public safety pension funds are outpacing the employee contributions.

The employee contribution amount is not keeping pace with the increase in the total funding amount and the Village's contribution makes up this difference.

Both the employer and employee are responsible for funding the public safety (Police and Fire) pension funds. Police officers contribute 9.91% and firefighters contribute 9.455% of their salary toward their pensions. This percentage is governed by State Statute and has not changed since 2001 for Police and 2004 for Firefighters.

Historically, the Village has always contributed 100% of the required public safety pension amounts as determined by actuarial calculations. These calculations, which are determined by figuring out the potential cost of the system based on an actuarial analysis, consider investment returns, employee contributions, and pension benefit payout costs. Required contributions are expected to increase from \$10.7 million in 2025 to nearly \$20 million in 2040, the target year for 100% funding.

What is the value of a typical residential property for the purposes of calculating the property tax payment?

Staff used a market value of \$446,968 for a typical residential property. This number is consistent with current median property values.

Why are the FY24 estimated Sales Tax, Home Rule Sales Tax and Food & Beverage Tax revenues lower than the FY24 budgeted amounts? Why are they budgeted to remain flat in FY25?

The budgeted amounts for these revenues in FY24 were based on anticipated modest growth from FY23. However, analysis of the year to date returns has demonstrated that FY23 was an exceptionally good year for these revenues, and based on FY24 performance thus far, it would be difficult to reach those numbers. For the past few months, the Sales Tax, Home Rule Sales Tax, and Food & Beverage Tax revenues have performed similarly to the same period in 2023. Based on the performance of these revenues over the past couple of years staff has budgeted conservatively based on the assumption that these revenues are most likely to stay near FY24 estimated levels.

Please provide information about the ethics and bias based policing training program.

The Police Department completes training in accordance with State requirements and the Commission on Accreditation for Law Enforcement Agencies (CALEA). One of the training categories is entitled *Ethics and Biased-Base Policing*. The training for FY25 includes the annual training on *Unlawful or Improper Bias in Public Safety*. The Police Department also completes training in civil rights, constitutional and proper use of law enforcement authority, cultural competency, human rights, and procedural justice.

Please explain the reprogramming of General Fund expenses in FY24.

In 2024, as construction began on the Civic Center project, the Village needed to comply with all federal asset forfeiture agency guidelines, which as of 2024, no longer included construction costs. Therefore, to apply Asset Forfeiture funds to the construction of the Civic Center, agency guidelines allowed for the re-programming of budgeted expenses in the General Fund Police Department to be paid for using Asset Forfeiture money. This allowed the Village to re-program \$975,000 of General Fund expenses to be used toward the construction costs of the Civic Center project. The FY24 Budget includes \$975,000 of expenses that were reprogrammed as part of the implementation of the Civic Center Financing Plan, which calls for the use of Asset Forfeiture Funds to pay for some of the construction costs. The effect of the reprogrammed expenses is a \$975,000 shift from Professional Services (\$639,000), Personnel (\$250,000), Contractual Services (\$46,000), Supplies (\$36,000), and Controlled Assets (\$4,000) to Other Financial Uses.

Risk Fund

What are the drivers of the expense increases in the Risk Fund?

Most of the expenses in the Risk Fund are related to workers' compensation claims. While the Village continues to keep the number of workers' compensation claims low, the cost related to each claim continues to increase, driven by medical-related expenses.

Asset Forfeiture Funds

What types of Police vehicles were purchased from this fund?

The vehicles purchased from this fund are used for surveillance purposes. The make and model of the vehicles purchased are similar to civilian vehicles to effectively conduct covert surveillance.

Major Buildings Fund/Civic Center Construction Project

Are maintenance expenses on all Village-owned buildings accounted for in this fund? Have these expenses been included in the FY24 budget and previous years?

Between FY22 and FY24, this fund was used to exclusively track expenses related to the Civic Center Project. The Capital Projects Fund accounted for other facility-related expenses during this time. Beginning in FY2025, the Major Buildings Fund will again be used to account for expenses for all Village-owned buildings.

Are funds from the Capital Projects Fund planned to be used to pay for the Civic Center bonds?

Yes, the financial plan developed by the Village to pay for the Civic Center bonds includes an annual average of \$632,000 from the Capital Projects Fund that fluctuates based on the performance and availability of other funds, and is designed to cover a shortfall in other revenues.

The original plan approved by the Village Council in July 2022 called for an average of \$885,000 from the Capital Projects Fund. It also called for use of the property tax levy at an average of \$194,000 per year. The current plan calls for no use of the property tax levy. Both financial plans are attached.

Stormwater Fund

What grant did the Village receive in FY24 and not use?

The Village was awarded a grant from FEMA to purchase a flood-prone property near Hummer Park. The property owner originally agreed to a purchase price and then later increased the requested purchase price which was significantly more than the grant award. The Village did not proceed with the purchase and did not receive the grant.

What is the status of SW 103, St. Joseph's Creek, Hill to 55th?

The Village is still in communication with the residents on Grand Avenue to try and secure easements for the work since the work is on private property. To date, staff has not been able to secure easements to allow the construction work to proceed.

Capital Projects Fund

How will the \$1.2 million planned to be transferred from the General Fund into the Capital Projects Fund at the end of FY24 be used? Can these dollars be used for other purposes?

The Proposed FY25 Budget calls for these funds to be used for Downtown Streetscape improvements. These funds could be used for other capital projects.

Why is the 31st Street bike path project included in the FY25 budget?

This is a DuPage County project that includes a Village required contribution of about \$87,500. The County recently informed staff that they are proceeding with the project in 2025. Therefore, staff included these project expenses in the proposed FY25 Budget.

Are there plans to standardize the pedestrian crosswalk striping?

This is an item that is being discussed as part of the bike and ped plan. Staff expects that the bike and ped plan will include a standard detail for crosswalk striping.

What area will be covered in Neighborhood Traffic Study 11?

The area for this study has not been finalized at this time.

Attachments

Civic Center Financial Plan 9.3.24

Civic Center Financial Plan 7.1.22

CCP Financial Plan														
Updated 09/03/2024														
Assumptions		Expenses			Funding Sources									
Equity/Bond Issue	Estimate	Fiscal Year	Debt Service	Gasoline Tax	Gen Fund: D58 Expired IGA	D58 Lease Payment	Cap Proj Fund: FS#2 Ret. Debt Svc	Use of Land Sale Proceeds	TIF Revenue	Debt Svc Fund	Annual Property Tax Levy Up to \$200K	Remaining Req'd from Capital Proj. Fund	Total	
Total Project Cost	60,426,027	1 2023	1,282,093	200,000	0	0	0	0	0	0	0	1,082,093	1,282,093	
		2 2024	1,601,650	200,000	0	0	0	0	0	625,000	0	776,650	1,601,650	
VoDG Equity	24,149,234	3 2025	1,720,025	200,000	0	48,700	0	0	13,000	545,000	0	913,325	1,720,025	
Bond Issue	36,276,793	4 2026	1,973,525	200,000	250,000	48,700	0	418,000	13,000	200,000	0	843,825	1,973,525	
		5 2027	2,111,150	200,000	250,000	48,700	0	485,000	242,000	200,000	0	685,450	2,111,150	
Lot 2 Assumptions		6 2028	1,952,900	200,000	250,000	48,700	0	188,000	497,000	200,000	0	569,200	1,952,900	
Sale of Land	1,545,000	7 2029	2,673,775	200,000	250,000	48,700	665,000	238,000	509,000	200,000	0	563,075	2,673,775	
Apartment Units	138	8 2030	2,673,900	200,000	250,000	48,700	665,000	216,000	522,000	200,000	0	572,200	2,673,900	
Market Value/Unit	170,000	9 2031	2,431,900	200,000	250,000	48,700	665,000	0	535,000	200,000	0	533,200	2,431,900	
Occupancy Date	7/1/2026	10 2032	2,437,775	200,000	250,000	48,700	665,000	0	548,000	200,000	0	526,075	2,437,775	
SSA Rate	0.00%	11 2033	2,440,400	200,000	250,000	48,700	665,000	0	562,000	200,000	0	514,700	2,440,400	
Annual EAV Increase	2.50%	12 2034	2,444,650	200,000	250,000	48,700	665,000	0	576,000	200,000	0	504,950	2,444,650	
Tax Rate	5.90%	13 2035	2,450,275	200,000	250,000	48,700	665,000	0	591,000	200,000	0	495,575	2,450,275	
		14 2036	2,452,150	200,000	250,000	48,700	665,000	0	605,000	200,000	0	483,450	2,452,150	
		15 2037	2,460,025	200,000	250,000	48,700	665,000	0	620,000	30,000	0	646,325	2,460,025	
		16 2038	2,462,200	200,000	250,000	48,700	665,000	0	636,000	0	0	662,500	2,462,200	
		17 2039	2,469,300	200,000	250,000	48,700	665,000	0	652,000	0	0	653,600	2,469,300	
		18 2040	2,474,100	200,000	250,000	48,700	665,000	0	668,000	0	0	642,400	2,474,100	
		19 2041	2,475,500	200,000	250,000	48,700	665,000	0	685,000	0	0	626,800	2,475,500	
		20 2042	2,482,600	200,000	250,000	48,700	665,000	0	702,000	0	0	616,900	2,482,600	
		21 2043	2,486,300	200,000	250,000	48,700	665,000	0	720,000	0	0	602,600	2,486,300	
		22 2044	2,491,500	200,000	250,000	48,700	665,000	0	738,000	0	0	589,800	2,491,500	
		23 2045	2,498,000	200,000	250,000	48,700	665,000	0	756,000	0	0	578,300	2,498,000	
		24 2046	2,505,600	200,000	250,000	48,700	665,000	0	775,000	0	0	566,900	2,505,600	
		25 2047	2,509,200	200,000	250,000	48,700	665,000	0	794,000	0	0	551,500	2,509,200	
		Total	57,960,493	5,000,000	5,500,000	1,120,100	12,635,000	1,545,000	12,959,000	3,400,000	0	15,801,393	57,960,493	
		Average	2,318,420	200,000	220,000	44,804	505,400	61,800	518,360	136,000	0	632,056	2,318,420	

FRSP Financial Plan														
Updated 07/01/22														
Assumptions				Expenses	Funding Sources									
Equity/Bond Issue	Estimate		Fiscal Year	Debt Service	MB Fund: Gasoline Tax	Gen Fund: D58 Expired IGA	D58 Lease Payment	Cap Proj Fund: FS#2 Ret. Debt Svc	Use of Land Sale Proceeds	TIF Revenue	Property Tax Levy (Option 2)	Capital Proj. Fund	Total	
Total Project Cost	60,426,027												0	
VoDG Equity	24,151,027	1	2023	1,373,772	200,000	0	0	0	0	0	150,000	1,023,772	1,373,772	
Bond Issue	36,275,000	2	2024	1,652,806	200,000	0	0	0	400,000	0	150,000	902,806	1,652,806	
		3	2025	1,775,056	200,000	0	48,700	0	450,000	0	150,000	926,356	1,775,056	
Apartments		4	2026	2,022,431	200,000	200,000	48,700	0	500,000	0	200,000	873,731	2,022,431	
Sale of Land	2,550,000	5	2027	2,163,931	200,000	200,000	48,700	0	500,000	138,000	200,000	877,231	2,163,931	
Apartment Units	85	6	2028	2,004,431	200,000	200,000	48,700	0	200,000	280,000	200,000	875,731	2,004,431	
Market Value/Unit	140,000	7	2029	2,724,056	200,000	200,000	48,700	665,000	250,000	285,000	200,000	875,356	2,724,056	
Occpancy Date	7/1/2026	8	2030	2,727,806	200,000	200,000	48,700	665,000	250,000	289,000	200,000	875,106	2,727,806	
SSA Rate	1.00%	9	2031	2,484,306	200,000	200,000	48,700	665,000	0	293,000	200,000	877,606	2,484,306	
Annual EAV Increa	1.50%	10	2032	2,488,681	200,000	200,000	48,700	665,000	0	298,000	200,000	876,981	2,488,681	
Tax Rate	5.76%	11	2033	2,489,806	200,000	200,000	48,700	665,000	0	302,000	200,000	874,106	2,489,806	
		12	2034	2,497,431	200,000	200,000	48,700	665,000	0	307,000	200,000	876,731	2,497,431	
		13	2035	2,501,306	200,000	200,000	48,700	665,000	0	311,000	200,000	876,606	2,501,306	
		14	2036	2,506,306	200,000	200,000	48,700	665,000	0	316,000	200,000	876,606	2,506,306	
		15	2037	2,507,306	200,000	200,000	48,700	665,000	0	321,000	200,000	872,606	2,507,306	
		16	2038	2,512,806	200,000	200,000	48,700	665,000	0	325,000	200,000	874,106	2,512,806	
		17	2039	2,518,306	200,000	200,000	48,700	665,000	0	330,000	200,000	874,606	2,518,306	
		18	2040	2,525,706	200,000	200,000	48,700	665,000	0	335,000	200,000	877,006	2,525,706	
		19	2041	2,529,906	200,000	200,000	48,700	665,000	0	340,000	200,000	876,206	2,529,906	
		20	2042	2,535,806	200,000	200,000	48,700	665,000	0	345,000	200,000	877,106	2,535,806	
		21	2043	2,541,888	200,000	200,000	48,700	665,000	0	351,000	200,000	877,188	2,541,888	
		22	2044	2,542,994	200,000	200,000	48,700	665,000	0	356,000	200,000	873,294	2,542,994	
		23	2045	2,550,181	200,000	200,000	48,700	665,000	0	361,000	200,000	875,481	2,550,181	
		24	2046	2,558,141	200,000	200,000	48,700	665,000	0	367,000	200,000	877,441	2,558,141	
		25	2047	2,561,769	200,000	200,000	48,700	665,000	0	372,000	200,000	876,069	2,561,769	
			Total	59,296,934	5,000,000	4,400,000	1,120,100	12,635,000	2,550,000	6,622,000	4,850,000	22,119,834	59,296,934	
			Average	2,371,877	200,000	176,000	46,671	505,400		275,917	194,000	884,793	2,371,877	

Staff Responses to Council Questions
11/19/24

Council Member Reports A. New Business: *Library Board Advisory Referendum*

1. How many local libraries are there in Illinois compared to public library districts?

According to the Illinois State Library, there are currently 640 local libraries, 363 of which are library districts.

2. How many libraries have converted from a component unit to a district in the past several years?

The Illinois State Library does not keep a running total of conversions, but they do document when a conversion occurs. On average there are about 1 or 2 conversions a year. The Pittsfield library is in the process of converting to a district. Additional information can be found in this [newspaper article](#).

Also of note, in 2019, legislation was passed that authorized the City of Aurora to place a binding referendum on the ballot whereby city electors could vote to have an elected board of trustees for their public library instead of a board of trustees appointed by the corporate authorities of the City. A referendum was subsequently placed on the ballot which resulted in an elected board of trustees for the public library. The trustees for the City of Aurora's library were elected in the 2021 consolidated election. The City of Aurora's library remained a local library, and did not convert to a library district.

3. Does the Downers Grove Public Library (DGPL) pay for electricity?

Based on a review of the DGPL accounts payable, staff believes that the DGPL is not charged for use of electricity.

4. Does the Downers Grove Library (DGPL) have the ability to issue bonds? Does the Village have discretion to approve or disapprove the issuance of bonds?

The DGPL does not have the authority to issue bonds. It can only issue bonds through the Village. The bonds are Village of Downers Grove bonds, issued by the Village of Downers Grove. The Village has discretion on whether or not to approve the bond issuance.

5. How would the Village's and the DGPL's bond rating be affected if the DGPL were converted to a district?

The DGPL does not have a bond rating. As noted in the response above, any bonds issued for DGPL purposes are issued by the Village and subject to the Village's bond rating. Currently, there are no outstanding DGPL related bond issuances. Updated bond ratings are provided at the time of bond issuances or refinancings. The next rating for the VoDG will likely be with the planned 2026 issuance for water system improvements. If the DGPL is a district at that time, the VoDG rating is not expected to be affected. If the DGPL were to convert to a district and then issue bonds, the DGPL would receive its own bond rating.

6. If the DGPL adopts a resolution converting to a Public Library District is the Village Council obligated to approve the resolution?

No, the Village Council is not obligated to approve the conversion. Once the library board adopts a resolution calling for the conversion to a public library district, it may then request the Village to approve the conversion. The Village is not obligated to approve the conversion or even consider the conversion. However, in order for the conversion to be binding the Village must approve the conversion within the 60 day period after the date the resolution was adopted by the library.

7. What services is the DGPL afforded as a component unit of the Village?

The Village is currently providing the following services for the DGPL:

- Financial reporting and auditing
- Employee payroll processing
- Accounts Payable - Process all DGPL vendor checks, EFT's and wire transfers
- Bank account management and reconciliation
- Cash management and cash flow (Library cash is part of the Village's pooled cash investments)
- Bond issuances
- Employee health benefits administration (DGPL employees are on the Village's health benefit plan)
- Property tax levy administration
- Participation in the Village's IMRF pension plan
- Provide access to the Village's ERP system

The DGPL is not covered by the Village's self-insured property insurance and workers' compensation program.

8. Do DGPL employees participate in the Village pension plan?

Yes. The pension plan used for most Village employees is the Illinois Municipal Retirement Fund (IMRF). IMRF rules require the Village to allow DGPL employees to participate in the pension fund. However, the employer contributions to IMRF for DGPL employees is paid out of the DGPL's budget.

9. If so, what is a rough number or percentage of the total number of participants?

The DGPL has 56 IMRF participants, which equals 27.45% of the total number of participants in the Village's IMRF pension plan.

10. Per State law, once a conversion to a public library district occurs, the DGPL would have 547 days to remain in the IMRF plan. What happens after the 547 days?

If the DGPL were to convert into a separate district, it could elect to participate in IMRF as its own unit of local government. If it were to timely elect to participate in IMRF, it would be required to make the necessary employer contributions to the pension plan for its employees. If DGPL did not timely elect to participate in IMRF, then DGPL employees would cease to be considered IMRF participants.

11. Is the DGPL provided any legal protections as a component unit of the Village?

The Village staff is not aware of any legal protections that are afforded to the DGPL as a component unit. The Village Attorney does not provide legal services to the DGPL as it has its own legal counsel.

12. How would the tax levy (specifically property tax caps, PTEL) for the DGPL be affected if it were converted to a district?

If the DGPL were converted to a library district it would have a maximum tax rate not to exceed the greater of 0.15% of the last rate levied by the Village for library purposes for the most recent year before the conversion, and that initial rate would not be subject to any rate limitations or referendum requirements imposed by State law. That rate may thereafter be increased in accordance with State law.

13. If the DGPL becomes its own, separate district, would it be able to operate pursuant to the Village's home rule authority?

No, the Illinois Constitution only authorizes municipalities and counties to operate with home rule authority.