

## MINUTES OF COUNCIL BUDGET REVIEW WORKSHOP

### VILLAGE OF DOWNERS GROVE

### DOWNERS GROVE, ILLINOIS

OCTOBER 11, 2008

Mayor Ron Sandack welcomed Council, staff and visitors to the budget review session at 8:02 a.m. in the Conference Room at the Fire Station 2, 5420 Main Street.

**Present:** Mayor Ron Sandack; Commissioners Marilyn Schnell, Martin Tully, Sean Durkin, William Waldack, Geoff Neustadt

**Absent:** Commissioner Bruce Beckman

**Residents:** Christine Fregeau, 1918 Elmore Avenue; Mark Thoman, 1109 61<sup>st</sup> Street; Laurel Bowen, 829 Clyde Drive

**Staff:** Village Manager Dave Fieldman; Village Attorney Enza Petrarca; Assistant Village Manager Mike Baker; Director of Human Resources Wes Morgan; Director of Community Development Tom Dabareiner; Director of Communications Doug Kozlowski; Interim Director of Public Works Robin Weaver; Assistant Director of Public Works Stan Balicki; Assistant Director of Public Works Mike Millette; Fire Chief Phil Ruscetti; Police Chief Bob Porter; Director of Counseling and Social Services Andy Matejcak; Director of Financial Services Judy Buttny; Budget Officer Steve Sanderson; Director of Community Events Mary Scalzetti; Management Analyst Megan Bourke; Management Analyst Brandon Dieter; Bill Herman, Assistant Director, Information Services

Mayor Sandack welcomed the residents to the Workshop meeting of the 2009 municipal budget. He asked Village Manager Dave Fieldman for opening comments.

**Dave Fieldman**, Village Manager, said this is the first of eight meetings where the public can participate in the budget adoption process. The budget is expected to be approved in November or December. Today's workshop is for staff presentation, community input, Council questions and comments, and general direction in the preparation of the budget. The comments and questions will be collected and tracked throughout the budget process.

There were three major objectives with respect to this budget: Reduce overall expenses through cost-saving measures and operating efficiencies, to avoid tax and fee increases or the

introduction of new revenue sources, and to incorporate the Strategic Plan and the long-range financial plan into this year's budget.

### **Overview of the General Fund**

Manager Fieldman said staff is proud that this is a balanced general fund budget with revenues and expenses equal at \$42.26 million. There is no planned use of reserves proposed. The FY09 expenses are less than FY07 actual expenses and the FY08 budgeted expenses.

### **Cost Saving Measures and Operating Efficiencies**

The FY09 budget includes the planned vacancy of eight staff positions (7.25 FTE). These positions are currently vacant and have been for some time. The challenge is to maintain service levels without a reduction in quality. This measure will save the Village approximately \$580,000 in personnel related expenses and offsets the cost of providing annual wage and salary adjustments required by the Village's collective bargaining agreements and as required to provide employee compensation consistent with market conditions.

Non-personnel expenses in the General Fund have been reduced about ten percent, or \$1.4 million. The FY09 budget calls for the reduction of the Village's fleet by ten vehicles.

### **Avoid Tax Rate and Fee Increases as well as New Taxes and Fees**

Mr. Fieldman said the budget employs one-time actions to address flat and declining revenues. Use of the real estate fund is proposed to make a contribution to the TIF debt payments as well as the payment to School District 58 related to the Ogden Avenue TIF.

Fire Station 2 was completed on time and under budget. As a result, the budget proposes that the proceeds from the Fire Station bonds be used to purchase a new Village-wide telephone system and to pay for design development plans and community outreach activities for new Village Civic Center facilities.

Staff is also proposing to use the proceeds from construction bonds accumulated over several years. Staff estimates unclaimed construction bond funds to be approximately \$500,000.00.

### **Real Estate Tax Levy**

The real estate tax levy is comprised of six components: Corporate, Fire Protection, Fire Pension, Police Pension, Stormwater, and Debt Service after Abatements. In FY08, the levy was approximately \$11.15 million; the FY09 levy is proposed at \$11.4 million, an increase of approximately \$200,000. The major increase in the levy is for the fire pension to adjust for a lower levy requested last year, and a moderate increase in the police pension levy. The stormwater levy would remain flat. Regarding the debt service levy, staff is proposing no tax

levy to pay for the debt service payment of the downtown TIF. This is a savings over last year of about \$770,000.00.

Mr. Fieldman reviewed how the proposed levy would affect a residential property with a market value of \$300,000 with an increase in value of six percent based on the township assessor's determination. The equalized assessed value of the home would be \$106,000. The FY08 tax rate was .4630 and the Village tax amount was \$463.00. The proposed FY09 tax rate would go down to .4440 and the Village tax amount would be \$470.64.

The FY09 budget incorporates the Strategic Plan and Long Range Financial Plan. Each Top and High Priority goal identified in the Strategic Plan is funded. Staff will present proposals as to how these goals will be worked on and achieved in 2009. The draft Long Range Financial Plan contains several options to be considered in this year's budget and several budgets moving forward. Several items are included in the FY09 budget message.

## Conclusions

The proposed budget includes:

- A balanced General Fund budget with expenses less than FY07 actual expenses and FY08 budgeted expenses.
- Planned vacancy of 7.25 FTE positions (currently vacant) saving approximately \$580,000 in personnel expenses to allow for the implementation of the Village's collective bargaining agreements and market adjustments to other salaries.
- Reduction of General Fund non-personnel related expenses of approximately \$1.4 million.
- Reduction of the Village fleet by ten vehicles.
- Implementation of strategic one-time actions to address flat and declining major revenue sources.
- Decrease in the Village's tax rate from .4630 to an estimated .4440.
- Funding for all Top and High priority goals of the Strategic Plan.
- Incorporation of the Long Range Financial Plan.

Mr. Fieldman thanked staff for their assistance in preparing this budget. He said Assistant Village Manager Mike Baker and Finance Director Judy Buttny would continue the budget discussion with specific details.

## **General Fund**

Mr. Baker said the general fund is the primary operating fund of the Village, accounting for slightly less than half of all expenses and contains most of the Village's departmental operating expenses including personnel. He noted that the revenues and expenses are balanced in the

general fund at \$42.2 million. He highlighted specific revenues and expenses. He discussed declining revenues in state income taxes and sales taxes as well as other tax revenues. Sales tax, property tax, state income tax and utility tax account for approximately 75 percent of all general fund revenues.

Regarding expenses, personnel expenses account for approximately  $\frac{3}{4}$  of all general fund expenses. Increases in the general fund expenses for FY09 are for personnel.

Council discussed the actuarial studies conducted by the Fire and Police Pension Boards and need for adjustments due to the economy.

Regarding property taxes, Commissioner Tully said he would like to continue a discussion regarding not just keeping the tax levy rate flat, but keeping the levy flat as well such that there would be no increase in the dollar amount of the total levy. He asked if the hotel use tax figure was realistic.

Council discussed current sales tax figures.

Commissioner Tully discussed revenues of plan review & inspection fees, administrative fees and other fees in terms of how realistic they are. He asked for a copy of the Library budget with respect to the Library Construction Fund. He also asked for information regarding All Interest and Claims revenue.

Mr. Fieldman said he spoke with Commissioner Beckman who asked about the increase in personnel costs. He also asked about the telecommunications taxes and asked how staff knows the Village is receiving all it should be. Mr. Fieldman said staff will present the concept of a utility audit to track all revenue sources available to the Village.

Commissioner Neustadt asked for more information on construction bonds and how this could be better handled.

Commissioner Schnell asked if staff plans to finish the year under budget as has historically been the case. Mr. Baker said it is staff's intention and staff will be better positioned to do this in FY09 than in prior years due to the staff vacancies. He expects the actual expenses to be two to five percent lower than budgeted.

Mr. Baker said that of the current vacancies, three positions are for firefighters. Mr. Baker asked Fire Chief Phil Ruscetti to discuss Fire Department reductions.

Fire Chief Phil Ruscetti said the Fire Department looked at cost saving measures that would not cut services. The current staffing for the Fire Department is 75 firefighters. The Department currently has three positions open that will not be filled. The Department will now operate with 72 firefighters overall with 24 firefighters assigned to each shift. The Department has

historically committed to a minimum of 19 firefighters. The minimum will now be 18 per day. Chief Ruscetti detailed the operational staffing requirements. The staffing change will result in one less vehicle responding to a call thereby reducing personnel by one.

To minimize the impact of possible overtime created by having one less firefighter per shift, the Department is adopting a “jump company” concept. Jump companies are used by fire departments throughout the nation. The concept allows firefighters to respond to a call on the right equipment. If responding to a fire, the firefighters would jump on the fire apparatus; if responding to a rescue call, they would jump on rescue apparatus.

One less vehicle responding to calls also reduces fuel and energy costs as well as wear and tear on a vehicle. Mutual aid is available if needed.

Council discussed the importance of service to the community and not compromising service.

Mr. Fieldman said Council approves a staffing plan in the budget. Staff is not requesting a reduction in the staffing plan. The budget will reflect planned vacancies for the entire year. Staff will monitor service levels quarterly to make sure expectations are being met by Council and residents.

Mr. Fieldman asked Tom Dabareiner to discuss personnel shifts in Community Development regarding a building inspector.

Mr. Dabareiner first addressed the increase in revenue and said it is due to a shift in Public Works to Community Development and responsibilities associated with stormwater review and the consultant review. Past budgets did not include that revenue or expense in his budget.

With respect to personnel, Mr. Dabareiner said staff is suggesting that a building inspector position not be filled in 2009 for three reasons: The Department has been operating without a building inspector since January; a change in the permit market changing the demand for a building inspector; and a new project management approach, which improves quality control. He described current staffing levels. He is recommending one building inspector in 2009. Mr. Dabareiner discussed permit types – the top two are fences and signs, requiring one inspection. He compared inspection data for 2007 and 2008. Project management is also referred to as case management – a single point of contact, improved service and project close out and overall improved quality control. Increased on-sight knowledge of plan reviewers will decrease the number of follow-up inspections. Plan reviewers are now required to conduct some on-sight inspections. Mr. Dabareiner discussed plan inspector consultants who could fill in during busy seasons. The consultant approach may not be needed in 2009 based on activity.

Council discussed the changed dynamics in building inspections in the Community Development Department. In terms of the need to use a consultant in 2009, Mr. Dabareiner said he is not expecting an increase in applications in 2009 over 2008.

Council discussed details of staffing and specific line items of the Community Development Department budget.

Mr. Baker discussed the further reductions in the FY09 budget as compared to the FY08 budget. Salt and supplies for snow and ice removal expenses have been increased due to price increases. Increases are also planned for utilities. The tuition reimbursement decrease reflects actual expenses. Community Events – Attractions budget reduction is a reallocation from one account to another. The corresponding increase is a combination of a variety of increases that appear in other expense accounts. The Heritage Festival entertainment line reduction of \$50,000 represents the Thursday night concert event that was included in last year's budget. The Commission is looking at alternative ways to provide that entertainment without that level of expense. Regarding seminars, conferences and meetings, Mr. Baker said staff is being encouraged to seek training opportunities in-state, allowing for a budget reduction without reducing how employees are trained. The reduction in the one-time FY08 equipment purchases is due to the Primeco related purchases. Budgeting for grant funded expenses has changed so as to not anticipate grants that may not be awarded to the Village.

Mr. Baker said budget detail appears on pages 2-4 through 2-20 of the budget document.

Laurel Bowen, 829 Clyde Drive, encouraged Council to minimize the use of salt this winter and to use it at intersections rather than on every street. Make more use of the plows.

Mark Thoman, 1109 61<sup>st</sup> Street, discussed item 59 on the departmental budgets, Other Financial Uses. He thanked the budget team for improving the narrative and urged staff to expand upon the narrative for that category. He also suggested that other units of government expand on their narratives to provide better information. Typically different expenses make up item 59 and an explanation would clarify this. He complimented staff on the organization of the budget this year.

Chris Fregeau, 1918 Elmore Avenue, said the budget document is resident and user friendly. She suggested looking at revenue and expense trends as we go forward with a calendar year budget. She looks forward to continued discussions.

Commissioner Schnell asked about the reduction in the Risk Management fund. Finance Director Judy Buttny said money is being transferred from the Water Fund, resulting in no reduction.

Commissioner Schnell discussed the Lyman Woods contribution of \$250,000. She asked if the Village will be asked to contribute something similar this year.

Commissioner Tully asked if the Park District has estimates for the cost of the project.

Mr. Fieldman said the bids came in favorably. The Park District has not requested the reimbursement payment yet. Mr. Cermak has not requested any additional payments for Lyman Woods. Council further discussed this matter.

Commissioner Tully asked if the Comprehensive Plan contract referenced in Tab 3 has been signed. The Manager said we are committed to this. Mr. Baker said the contract is in effect although there are provisions to cancel it at any time. Commissioner Tully said he brought it up as a topic of discussion and in terms of deferral.

Commissioner Tully asked if the Village is committed to subsidizing leave pickup for three years. Mr. Baker said we are not; the decision can be made on an annual basis. Council discussed evaluation of this program.

Commissioner Tully asked about the Water Fund transfer to the General Fund for Risk Management. He asked about the parameters of the Water Fund. Ms. Buttny said the claims were reviewed which substantiated this transfer.

Commissioner Tully asked about guidelines for determining appropriate transfers from enterprise funds. Mr. Baker said it is a judgment call. When these changes are made, staff checked with our auditors to be sure changes are in line and appropriate.

The Mayor discussed the TCD III and Comprehensive Plan contract in terms of the current economy. He said his opinion is not to cut this, but consider deferring or eliminating the branding concept.

Mr. Fieldman referred to the Top and High Priority Strategic Plan Goals. He said it is appropriate to re-examine all of these goals.

Council and staff discussed the gateway entrance sign program in light of deferring the branding strategy.

Council further discussed postponing the TCD III process three to six months, the effect this would have on the budget, and whether it is prudent or wise to defer it given the economy.

Commissioner Tully said he would like to explore keeping the property tax dollars flat, which represents \$200,000 in the budget. He discussed the importance of identifying projects that could possibly be deferred due to adverse financial developments.

With respect to the Police Department Programs, Commissioner Tully asked if there are options to explore to restrain or reduce personnel expenses in the Police Department without curtailing public safety. He also discussed the need to address projections. Within the Police Department funds, he asked what would be considered to be non-critical to the Police Department's mission.

Police Chief Bob Porter said the Police Department carries out a number of activities that are above and beyond in providing services. He said he would provide a list of such services and programs.

### **TIF Funds**

Mike Baker reviewed fund 107, the Downtown Redevelopment TIF Fund. No levy is required to pay the debt service based on the performance of the TIF. There has been a significant increase in the EAV since FY08. The FY09 budget focuses on reinvesting in existing structures and infrastructure in the downtown. Most of the expenses are to pay the debt service.

Mr. Fieldman said the last building of Acadia on the Green, Charles Place, 922 Warren, and a portion of 4929 Forest are not fully reflected on the tax rolls as the tax bill is one year in arrears as well as a lag time between construction and reporting to the Assessor's Office. Staff, however, does see a leveling off of the EAV in FY09 given the economy. The expected increment for FY09 is 2.35 which is a direct relationship between the baseline EAV of \$16 million and the current EAV of \$46 million. This is the first year the Village is not expecting to levy on the property tax to pay debt associated with the downtown TIF.

Commissioner Schnell asked as to how confident staff is that the downtown properties are being properly assessed. She noted a study conducted by the League of Women Voters.

Mr. Baker responded that staff met with the Downers Grove Township Assessor and was told that she recognizes some assessments may be low and there is a plan in place to address this over a number of years.

Commissioner Schnell asked about recouping some of the monies used to pay off the TIF until this time. Mr. Fieldman said the strategy is to wait and see how it performs at the end. It is doing very well now.

Mike Baker reviewed fund 110, the Ogden Avenue TIF Fund. The fund has accumulated sufficient reserves for activities in FY09, which include selected segments of right-of-way improvements. The EAV in the TIF has seen growth since it was put in place from \$29.3 million in 2000 to \$44.1 million in 2007. Staff will employ a coordinated approach in terms of the right-of-way improvements and other work such as sidewalks or other infrastructure improvements.

Mark Thoman, 1109 61<sup>st</sup> Street, discussed accounting of the District 58 surplus agreement which is not reflected in the Ogden Avenue annual TIF report or the Ogden Avenue TIF budget. He suggested the agreement be more accurately reflected in Ogden Avenue TIF fund, the debt service fund and also be added in the Ogden Avenue annual TIF report. Mr. Fieldman said that agreement was put in place at the creation of the Ogden Avenue TIF as a way to assist District 58 with respect to the impacts of a TIF district. At the time of the agreement, it was not a TIF

eligible expense so payments were made out of the general fund. This year staff is proposing to pay it out of the Real Estate fund. If this is now a TIF eligible expense it would require an amendment to the agreement. Staff expects to be able to address this in the FY10 budget.

### **Other Fund Summaries**

Mr. Baker reviewed the Sales Tax Rebate Fund. Ms. Buttny reviewed the Transportation Fund and Robin Weaver, Interim Director, Public Works, presented a report on the Grove Commuter Shuttle system.

With respect to the Transportation Fund, Commissioner Waldack discussed the Circulator Study. DuPage Mayors and Managers Conference is hopeful that a circulator system will be in place by FY09. There is nothing in the budget to reflect that. The County is planning to address this in their budget, there will be RTA funding and the thought is that each of the four municipalities involved in the study would contribute \$100,000. That expense is not in the Transportation Fund as of yet. There would also be \$300,000 in revenue by way of grants. He noted that the study has not yet been completed. Ms. Weaver said that it is not anticipated that a circulator system would begin before the third quarter 2009.

Commissioner Waldack then discussed the taxi subsidy program. It is a great program for seniors and people with disabilities. It has been operated for a number of years and in comparison to similar programs it is fantastic. There are over 500 riders and the program has been operated in the same manner for many years. A participant can buy \$10.00 worth of coupons for \$3.00 with a maximum of \$100.00 worth of coupons for \$30.00 monthly. There are up to 10,000 rides per year estimated at approximately \$10.00 per ride. He estimates this provides five to seven rides per participant per month. As the cost of taxis rises, the number of rides has probably dropped to four to six rides per participant per month. This results in less service. He suggested monitoring this and perhaps enhancing the subsidy ratio. He also suggested opening a dialogue with township offices regarding combining resources with their programs. Commissioner Waldack noted that it is very expensive to provide paratransit services and that people like fixed routes.

Mr. Fieldman said the taxi subsidy program is a general fund expense. The current cost is \$140,000 to \$150,000 annually. In terms of cost, implementing some of Commissioner Waldack's suggestions would cost approximately \$170,000 to \$180,000.00.

Commissioner Schnell noted that the residents who use the taxi subsidy program are very happy with it and only comment when the program is being considered for cuts or modifications.

The Mayor said there is no modification sought at this time. The discussion was over and above the basic service currently offered as a further subsidy for additional rides.

Commissioner Schnell said she would like to know what the money the Village may receive

from the County would cover. The Mayor noted that the proposed budget does not include an allocation for the circulator system. It is only for the Grove Commuter Shuttle system in the Transportation fund.

Commissioner Schnell asked about efforts to increase ridership.

Doug Kozlowski, Director, Communications, said a variety of incentives have been explored and offered to riders. Current plans are to work with the Transportation and Parking Commission to determine the most effective way to market the program.

Commissioner Schnell asked for the number of seats on the buses. Ms. Weaver said she would provide that information.

Commissioner Tully said one percent of the gasoline tax is currently allocated to the Transportation fund. When the Fairview Avenue debt service is retired in 2014, if the remaining 1 ½ percent were to be moved to the Transportation fund, the total in this fund would be 2 ½ percent. He asked what the additional revenue would be. Ms. Buttny said it would be \$220,000 in addition to \$150,000 already dedicated to the Transportation fund, for a total of \$370,000. Commissioner Tully noted the on-going expense as well as the deficit in the fund. He asked if the gasoline tax would meet the on-going expenses of the Transportation fund. Mr. Fieldman said that analysis has been prepared, but because it would not start until 2014 staff was not completely comfortable with the assumptions made, although meeting the on-going expenses would be plausible. This would not, however, address the deficit in the fund.

Commissioner Tully asked as to the anticipated annual operating and maintenance savings of the new buses. He emphasized the importance of making the shuttle work financially and the need to address the deficit. Mr. Fieldman said staff will begin highlighting this issue in the quarterly financial reports.

Commissioner Neustadt said it is important to weigh all options before committing money to the circulator study.

Commissioner Waldack asked how much sales tax is generated within the Village for mass transit. Mr. Baker said the County and RTA receive approximately ¾ percent or \$7 million on a home rule basis from the Village. The Mayor noted that we are not getting anything back.

Chris Fregeau, 1918 Elmore, asked how often the commuter shuttle routes are evaluated, especially to generate passengers from the corporate community. Mr. Baker said conversations regarding this are currently taking place with the EDC.

Ms. Fregeau said she is on the Ad Hoc Circulator Study Task Force and they have accelerated their meeting schedule. She asked Ms. Weaver and Mr. Fieldman to share the information they presented with the Task Force members.

Greg Bedalov, President, EDC, said a survey regarding transportation needs is currently being conducted will continue through October 15.

Commissioner Schnell asked about filling bus driver positions. Ms. Weaver said it is a position with turnover, the positions are part-time and she discussed the salary. Commissioner Schnell asked about license requirements. Ms. Weaver discussed targeting ads.

Mr. Baker reviewed fund 223, Municipal Building Fund.

Commissioner Schnell asked if the focus is on a new Police Department rather than a new Village Hall. Mr. Baker said that is a decision that needs to be made. The monies identified in the FY09 budget would be used for preliminary design services following discussions on priorities.

Commissioner Durkin asked if this includes Fire Station 4. Mr. Fieldman said this would be the fund for Fire Station 4, but it is not anticipated for FY09. The Strategic Plan calls for a fire facility study which staff is conducting in FY09.

Mr. Fieldman noted that Commissioner Beckman wanted to be sure that if money is spent on phones they could be reused if there is a new facility. Staff had asked a similar question and found that the equipment could be physically moved, but the wiring cost component is what Commissioner Beckman wants to be sure is not duplicated. Staff will provide a report on the costs and any duplication of costs.

Mr. Baker reviewed fund 226, Real Estate Fund. In FY09, a one-time transfer of \$200,000 to the Downtown TIF Debt Service Fund is included. The Mayor said this fund has a balance that permits a one-time nonrecurring expenditure to the benefit of other funds. He asked if there is a continuing arrangement with the owner of Acadia on the Green with respect to an option on the Mad Potter building.

Village Attorney Enza Petrarca said the option is through November 2009.

Commissioner Schnell asked if there is sufficient money for upkeep of the train stations and Mad Potter building. Mr. Fieldman said there are sufficient monies for upkeep.

Ms. Buttny reviewed the three debt service funds, 337, Fairview Avenue; 338, Downtown TIF; and 339, Stormwater/Facilities. The Village maintains an AA+ bond rating from Standard & Poor's with a stable outlook.

Ms. Buttny reviewed fund 471, Parking Fund. The FY09 budget includes the installation of new parking deck lights that are more efficient, and reduce maintenance and electricity costs. The new lights are being studied and safety concerns will be part of that study.

Commissioner Durkin asked if staff knows the cost of purchasing all of Metra's parking lots in the Village. The Manager said staff could look at this through the comprehensive downtown parking study. The Downtown TIF budget has \$50,000 for this study.

Commissioner Waldack asked if the goal in this fund is to have a \$400,000 balance in future years. Mr. Baker said staff believes this is an appropriate level for this fund. Commissioner Waldack expressed an interest in discussing parking rates. The Mayor said he would like to hear from staff as to appropriate funding levels.

Ms. Buttny reviewed fund 530, Equipment Replacement Fund. She also reviewed the replacement schedule. She said all items are individually reviewed and analyzed before replacement is recommended. Mr. Fieldman said the decision to replace an item rests with the Council. Commissioner Durkin said he would like an exact list of what needs to be replaced. Mr. Fieldman said this is the list for planned replacements for FY09. He reiterated that the policy decision regarding replacement rests with the Council.

Commissioner Schnell asked if two ambulances are traditionally replaced at one time. Chief Ruscetti said an opportunity came up to buy two ambulances at the same time; however, generally staff tries to stagger this type of purchase. The ambulances were purchased at the same time and that is why they are scheduled for replacement together. Commissioner Schnell asked if one could be postponed. The Manager said it will be reviewed. Commissioner Schnell also asked the police and fire departments to review the need for SUV's in terms of gas usage. Mr. Fieldman said staff is always looking for ways to purchase the right size vehicles in all Village departments. He will provide information on the Workshop green sheets regarding the need for a particular size vehicle.

Commissioner Durkin asked about the resale price of an ambulance. Chief Ruscetti said he did not have that information on hand. The Manager said staff plans to issue a report regarding all aspects of our fleet.

Commissioner Neustadt asked if information could be added regarding the type of fuel used in our fleet.

Commissioner Durkin noted that several vehicles scheduled to be replaced are 2006 models. He asked if replacement is based on mileage. Ms. Weaver said a replacement recommendation is based on mileage and maintenance costs. Commissioner Durkin asked for the oldest model year for a squad car in service. Mr. Fieldman said staff has a complete list of every Village vehicle.

Mr. Baker said squad cars are on a three-year replacement cycle. Staff experimented with a four-year replacement schedule but it was found to be problematic due to maintenance costs that increased more than the savings realized by deferring those replacements.

Mr. Fieldman reviewed fund 531, Fleet Services Fund. The purchase of alternative fuel vehicles will help keep fuel costs down in future years. The Manager reiterated that the FY09 budget calls for the reduction of the Village's fleet by ten vehicles. He said this reduction will not reduce service levels as those vehicles were underutilized.

Mr. Baker reviewed fund 562, Risk Management Fund. The FY09 budget includes \$10,000 for an actuarial assessment of the Risk Management Fund.

Mr. Baker reviewed fund 563, Health Insurance Fund. The Manager said a review of this fund is a top priority.

Commissioner Schnell said staff has done a good job of containing expenses in this fund due to partnerships with Good Samaritan Hospital and other innovative things. She asked if the study will include an analysis of whether this type of plan makes sense in this market. Mr. Fieldman said all options will be considered. A report will be issued in 2009.

Ms. Buttny reviewed the pension funds, 661, Police Pension Fund, and 652, Fire Pension Fund.

Commissioner Schnell noted that these funds are limited in terms of the investments they can make, which limits the volatility of the funds. The Mayor noted that both funds work with financial consultants, but there is exposure.

Council discussed the percentage to which the pensions are funded.

The Manager said both funds are in good shape and match well with the retirement trends and projections of the members of these funds.

### **Adjournment**

The Manager said the budget review to address capital improvements will continue on Tuesday, October 14, 2008, as part of the Council Workshop meeting. He reminded the audience that this was the first of eight opportunities to discuss budget matters that will continue through mid-December. A Coffee With The Council will be held on Saturday, November 1, 2008 at 9:00 a.m. at Fire Station 2 as well as two Workshop meetings on October 14 and October 28, 2008.

The Mayor said there are similar contemporary municipalities that are facing significant tax hikes and/or service cuts in order to address their budget situations. The Village is in a much better situation than some of our colleagues in DuPage County and other municipalities. This budget is not looking at spending reserves or new taxes. Staff is being asked to do more with less and staff has been very proactive and forward looking. He expressed his appreciation.

There being no further discussion, the meeting was adjourned at 11:58 a.m.

April K. Holden  
Village Clerk