

**VILLAGE OF DOWNERS GROVE  
REPORT FOR THE VILLAGE COUNCIL MEETING  
DECEMBER 15, 2009 AGENDA**

SUBJECT:	TYPE:	SUBMITTED BY:
Adopted FY10 Municipal Budget Implementation Items	✓ Resolution Ordinance Motion Discussion Only	Dave Fieldman Village Manager

**SYNOPSIS**

Staff has prepared the following items associated with the implementation of the adopted FY10 Municipal Budget:

- An ordinance increasing the Home Rule Sales Tax Rate by 0.25%, from 0.75% to 1.00%.
- An ordinance amending Chapter 2 of the Municipal Code regarding the Community Grants Program.
- A resolution modifying the Village Council Policy related to the Taxi Subsidy Program for seniors and persons with disabilities.

**STRATEGIC PLAN ALIGNMENT**

The Five Year Plan and Goals for 2008-2013 includes *Exceptional Municipal Organization*. A supporting objective is *Financially Sound and Sustainable Village Government*.

**FISCAL IMPACT**

The projected fiscal impact of the proposed FY10 Municipal Budget implementation items is as follows:

- The proposed quarter cent increase in the Home Rule Sales Tax is forecasted to generate an additional \$1 million in revenue for the General Fund in FY10.
- The proposed suspension of funding for the Village’s Community Grants Program will reduce General Fund expenses by \$72,000 in FY10.
- The proposed modifications of Village Council Policy related to the Taxi Subsidy Program for seniors and persons with disabilities are forecasted to reduce General Fund expenses by \$50,000.

**UPDATE & RECOMMENDATION**

This item was discussed at the December 8, 2009 workshop. As requested by the Village Council, staff will continually monitor the performance of the Village’s Home Rule Sales Tax and provide regular reports to the Village Council pertaining to this item in 2010. Additionally, staff will monitor the effects of the modifications to the Taxi Subsidy Program and report back to Council on this item in 2010.

Staff recommends approval on the December 15, 2009 active agenda.

**BACKGROUND**

The Village Council adopted the FY10 Municipal Budget on December 1, 2009. The adopted FY10 budget calls for multiple substantive changes to the Village’s business model in an effort to address the issues of declining revenues and increasing operational and capital expenses. Several of the changes associated with the FY10 budget require official Village Council action prior to implementation. The FY10 Municipal Budget implementation items requiring formal Village Council action prior to implementation are outlined in the sections below:

- *Home Rule Sales Tax Rate Increase* – The LRF 2010 action plan calls for \$1 million of revenue enhancements from revenue sources other than the real estate tax levy. Several options for revenue enhancements were presented and discussed during the financial planning process. The FY10 budget includes a quarter cent increase to the Home Rule sales tax. The increase would go into effect on July 1, 2010. Based on the current retail sales activity within the Village, the quarter cent increase is expected to generate \$1 million revenue. All of the revenue would be used to fund core police, fire and emergency services. The Village currently has a Home Rule sales tax at a rate of .75% or three quarters of cent. The quarter-cent increase will bring the rate to 1.0%.
- *Suspension of the Community Grants Program* – The Village currently operates a Community Grants Program. Per Village Code, the program is funded by a portion of the hotel tax revenues. Specifically, the program is funded at a rate of 8% of the previous year’s hotel tax revenues or \$48,000, whichever is greater. This program was classified as a secondary Village service during the long range financial planning process. The adopted FY10 budget calls for the suspension of the program and would reduce General Fund expenses by \$72,000 (8% of the estimated hotel tax revenue for FY09). Chapter 2 of the Municipal Code would be amended to state that the amount of funds for the program shall be established on an annual basis through the normal budgeting process.
- *Modification of the Taxi Subsidy Program* - The Village Taxi Subsidy Program was classified in the Long Range Financial Planning Process as a secondary Village service. The adopted FY10 budget includes a reduction of the expenses of this program by \$50,000. In 2009, the Village estimates spending \$150,000 on subsidizing taxi rides. The FY 2010 Budget includes \$100,000 for the Village share of the subsidy. To accomplish this reduction, staff proposes implementing the following changes to the Taxi Subsidy Program:
  - Change the subsidy rate from its current 70% subsidy to a 50% subsidy. A coupon will be valued at \$1.00 and cost the participant \$0.50 (50% subsidy)
  - Limit purchases to a maximum of 60 coupons (\$60) per month. Currently the purchase limit is 100.

**ATTACHMENTS**

Ordinances

Resolution

**VILLAGE OF DOWNERS GROVE**  
**COUNCIL ACTION SUMMARY**

**INITIATED:**  Village Manager  **DATE:**  December 15, 2009   
(Name)

**RECOMMENDATION FROM:** \_\_\_\_\_ **FILE REF:** \_\_\_\_\_  
(Board or Department)

**NATURE OF ACTION:**

- Ordinance
- Resolution
- Motion
- Other

**STEPS NEEDED TO IMPLEMENT ACTION:**

Motion to Adopt "AN ORDINANCE AMENDING COMMUNITY GRANTS FUNDING", as presented.

**SUMMARY OF ITEM:**

Adoption of the attached ordinance will amend provisions for community grant funding.

**RECORD OF ACTION TAKEN:**

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Community Grants Funding

ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE AMENDING COMMUNITY GRANTS FUNDING**

BE IT ORDAINED by the Village Council of the Village of Downers Grove in DuPage County, Illinois, as follows: (Additions are indicated by **shading**/underline; deletions by ~~strikeout~~):

**Section 1. That Section 2.86. is hereby amended to read as follows:**

**2.86. Funding and Limits.**

(a) The Downers Grove Village Council intends to provide funds for the Downers Grove Community Grants Program from a portion of the Downers Grove Hotel Use Tax proceeds and from such other funds as may be received from donations or other sources as determined by the Council. The amount of funds for the Downers Grove Community Grants Program shall be established on an annual basis through the normal budgeting process ~~and shall equal eight percent (8%) of the Downers Grove Hotel Tax generated in the fiscal year preceding the budget year or \$48,000.00, whichever is greater.~~ The amount budgeted shall be exclusive of any donations.

(b) The Community Grants Program is not intended nor shall it impose or create any liability or obligation on the Village to grant any funds or to take any other action. No liability shall be imposed on the Village, its officers, agents or employees, as a result of the existence of the Community Grants Program, or any actions or inactions taken with respect thereto. It is further expressly acknowledged that any grants or other activities undertaken by the Village in relation to this Program shall be within budgetary limitations as may from time to time be set by the Village Council.

**Section 2.** That all ordinances or parts of ordinances in conflict with the provisions of this ordinance are hereby repealed.

**Section 3.** That this ordinance shall be in full force and effect from and after its passage and publication in the manner provided by law.

\_\_\_\_\_  
Mayor

Passed:

Published:

Attest: \_\_\_\_\_

Village Clerk