

MINUTES OF COUNCIL BUDGET REVIEW WORKSHOP

VILLAGE OF DOWNERS GROVE

DOWNERS GROVE, ILLINOIS

OCTOBER 1, 2011

Mayor Martin Tully welcomed Council, staff and visitors to the budget review session at 8:00 a.m. in the Village Hall Council Chambers.

Present: Mayor Martin Tully; Commissioners William Waldack, Sean P. Durkin, Geoff Neustadt, Bob Barnett; Marilyn Schnell; Becky Rheintgen

Absent: None

Staff: Village Manager Dave Fieldman; Deputy Village Manager Mike Baker; Village Attorney Enza Petrarca; Director of Community Development Tom Dabareiner; Director of Communications Doug Kozlowski; Director of Public Works Naneil Newlon; Fire Chief Jim Jackson; Police Chief Bob Porter; Director of Financial Services Judy Buttny; Director of Information Services Liangfu Wu; Budget Officer Steve Sanderson; Assistant Director of Public Works, Stan Balicki; Director of Human Resources Dennis Burke; Deputy Police Chief Kurt Bluder; Deputy Fire Chief Rich Mikel; Assistant Director of Public Works Andy Sikich; Management Analyst Allison Deitch; Village Clerk April Holden

Residents: Bill Wrobel; Mark Thoman; Marge Earl; Chris Fregeau

Mayor Tully welcomed everyone to this first budget review session. He said this is a continuing process relative to the FY2012 budget. This process will end with the adoption of the budget and tax levy on December 13. There will be a number of opportunities for the Council and public to review and comment. He explained that the proposed budget is the result of work that began a long time ago. He expressed his appreciation to guests who are present. This is an important process. He then asked Village Manager David Fieldman to begin his presentation of the FY2012 Village of Downers Grove budget.

Village Manager Dave Fieldman presented the agenda for the meeting, saying the focus will be primarily on General Fund, Water, and Capital and Infrastructure Funds. Using a PowerPoint presentation, the Manager displayed the schedule of meetings that are planned for discussion between now and the adoption of the Property Tax Levy on December 13.

Mr. Fieldman explained that the FY2012 budget is the result of three years of financial planning, including review of numerous plans and reports including the Long Range Financial Plan

(LRFP); Water Rate Study Report; Road Condition Report; Watershed Infrastructure Improvement Plan; Stormwater Master Plan; and the Sidewalk Matrix. The Village is in the third year of its long range financial plan to address financial changes. He noted that the goals of the Village are 1) to present a balanced General Fund budget; 2) continue to implement the Water Fund plan; and 3) continue to invest in the Village's infrastructure in a sustainable manner.

The Manager summarized the General Fund as a proposed balanced budget with revenues and expenses equal at \$41.35 million. The budget calls for no reduction in service levels. He pointed out that the expenses budgeted are still \$1.4 million less than was spent five years ago in 2007.

An overview of the Property Tax Levy shows a decrease in the levy by \$393,104 resulting in approximately \$17.50 less than last year on an individual property tax bill. He noted that this levy reflects the recent changes in the State pension laws.

The Water Fund Summary reflects the recommendation of the Water Rate Study Report. The Village is in its second year of implementation of that study. Based on costs of the water system, there will be an increase in water rates. There will also be an issuance of \$10 million in bonds, which will be completely funded by the water rates.

With regard to infrastructure, Mr. Fieldman noted that the proposed budget calls for \$26.5 million in infrastructure investment including street maintenance, reconstruction of streets, construction of stormwater projects, maintenance of the stormwater system, as well as construction and maintenance of the sidewalk system. It is important to note that existing, dedicated revenues that have been in place for several years fund this investment. He added that the \$25 million bond for street reconstruction will also be funded entirely by existing revenue sources.

Mr. Fieldman explained that there will always be risks to any proposed budget, and the risks here are the same as in years past—declining revenue. Some of the Village revenues are controlled by the State of Illinois, and the State may decide to change its formula for funding, which could reduce the amount of money provided to municipalities, including Downers Grove. In addition, many revenue sources are related to general economic conditions; however, the Village has an action plan. The Village will continue to monitor and forecast economic conditions; keep the Council and public informed through quarterly reports; and conduct mid-year budget discussions and make adjustments if necessary.

General Fund Overview

The Manager said that the General Fund is the Village's main operating fund and it contains multiple revenue sources. He said that there were specific recommendations from the Village's Long Range Financial Plan (LRFP) that are reflected in the proposed budget. He displayed a

graph prepared in 2009 showing the projected expenses and revenues that would have been expected had financial planning not been done. That information indicated a proposed financial gap of \$4.5 million in 2010 that could have grown to as much as \$6 million in 2012. The proposal in 2010 was to close the gap through a combination of expense reductions, revenue enhancements and strategic use of reserves. He displayed a graph showing the result of those actions three years into the plan. The plan works, the financial gap was closed and was addressed primarily through expense reductions, with a very small amount of revenue enhancement. There was no use of reserves during the last three years. The graph showed the General Fund budget proposed as balanced at \$41.35 million. The non-personnel expenses budgeted are \$1.7 million dollars less than 2007. He called attention to the General Fund personnel related expenses, saying the budgeted personnel expenses for FY2012 are \$31.7, nearly the same level as five years ago. He said two major personnel expense reduction measures are 1) reduction in the pension fund of \$393,104 and 2) a change in post-employment benefit plans in the amount of \$60,000. He noted that personnel expenditures have been controlled over the past several years due to significant reductions in staffing. About 46 full-time equivalent positions were eliminated. However the FY2012 budget calls for no changes in staffing as compared to FY2011.

General Fund revenues are supported by multiple revenue sources, all of which are increasing very slowly, allowing the Village to be in a position to decrease the property tax they propose to levy. He showed a graph of revenues over time, stating that the \$41.35 million revenue is nearly the same as 2005-06.

Property Tax Levy

The Manager said it is important to remember that the Village levies a specific amount of property taxes. That amount does not change relative to the value of properties in the Village. The FY2012 proposed levy is about \$12.9 million dollars, down about \$393,000 from 2011. There are six components to the levy, two of which will change. The levy from Fire and Police Pensions is declining due to the State law changes. The impact is a decrease of \$17.52 per property in taxes paid to the Village. The expected property values will decline by 7% based on the Assessor's office figures. He then showed an actual tax bill with \$4600 in taxes, of which the Village portion is \$484.00, or 10%. He emphasized that not all of the taxes go to the Village of Downers Grove.

In summary, Mr. Fieldman said that staff has submitted a proposed balanced budget of the General Fund that maintains service levels, that's consistent with the LRFP, that keeps expenses \$1.4 million less than five years ago and lowers the property tax levy by almost \$400,000.

Mayor Tully called for questions or comments form the Council.

Commissioner Neustadt asked when the amortization period for the Police and Fire pensions was last changed. The Manager said 1993. Commissioner Neustadt noted then, that this doesn't

happen often. He asked as to the Village's options. The Manager responded that, for background, the State law changed a couple of components. They changed the amortization period from 23 to 30 years, and this budget takes advantage of that. It allows the municipalities to fund to a targeted level of 90%. Downers Grove funds at 100%. The Police Pension and Fire Pension Boards met last week and voted in support of the proposed levies. This is a one-time shift in these funds, and is not likely to continue. Commissioner Neustadt said he was glad that the Village is funding at 100%.

The Manager said if the Village goes to the 23 year level, the levy would go up to \$4 million versus \$3.7 million in 2012. There is more money put into these funds than is withdrawn each year.

Commissioner Durkin asked about projections of the tax levies for the pensions next year, and the Manager said it would be consistent with the increases of the past. It would be a shift in the line. They do not have actual numbers for next year.

Commissioner Schnell said that in the past, pensions were part of the General Fund. She said they were pulled out so the changes could be seen, and she is happy to see the taxes going down. She will support this. All the parties agreed on it.

Commissioner Barnett noted that the tax reduction is due to the pensions.

Commissioner Durkin commented that at the same time, they are talking about the stormwater fee. He does not support reducing the levy because the Village has more needs than available funds. This is a false message and he has a problem with this.

Commissioner Barnett responded that they are still \$3 million short on maintenance of the infrastructure, and they must be careful about the message being sent with the tax reduction. This doesn't mean that everything is fine.

Mayor Tully commented that they always talk about pension fund levies as a distinct message because it is beyond the Village's control. This is a rare option, and he thinks what they are doing is a responsible thing. Many municipalities have not properly funded their pensions and are in trouble.

Commissioner Barnett said they should make a point about the funding levels being 100% and the commitment to the 100% funding

Mr. Fieldman noted that the State Department of Insurance is doing the Village audits and they noted that the Village is well funded. The Village's Fire Pension was selected as one of the most well run programs in the State.

Commissioner Neustadt commented that the pension boards realized that, as they voted to

support the decline in the levy.

Commissioner Schnell asked for a clearer explanation of the levy. People will say that the rate went up. She said they need to explain that we levy an amount. The rate may go up, but the taxes go down, and that message needs to be sent out to the public.

Commissioner Waldack stated that people look at the numbers and compare them on the tax bill. It is important to stay on the message.

Commissioner Schnell said that over the years, the pensions have fluctuated.

The Mayor then had some questions about the stability of revenue sources, regarding section B-2. He said that they budgeted an amount for 2011, and the estimates for 2012 are a little higher. For example the Hotel Tax is expected to come in higher and that is carried over to 2012. There are other fees where that same thing has happened. Mr. Fieldman responded to the Mayor that staff was being very conservative, and is confident in the numbers. They will provide feedback on their reasoning to the Council.

Commissioner Waldack then asked about the budget assumptions with respect to revenues, and said he could not understand the logic there.

Commissioner Neustadt also asked what “other financial resources” refers to.

Finance Director Judy Buttny replied that typically other financial resources are transfers.

Mark Thoman, 1109 61st Street, asked as to the effect of the percentage of funded/unfunded on the pension levies. The Manager said it is the same. Mr. Thoman commented that there is still no explanation on #49, Section B-2 “Other Financial Resources.” Category #59 also includes large amounts of money with no explanation. He believes there must be some explanation for these amounts and the fixed number that is going into General Funds. The Manager said they would post those figures on the website.

Commissioner Rheintgen said that in her previous job, in preparing budgets with increases and decreases, there had to be a summary provided. The Manager said they have all of the figures, and try to capture that in the budget message. They do have detailed items if requested.

Commissioner Neustadt then referred to page C-19, Other General Fund Expenses, 821 and 867. Those funds have recently been changed or amended. Community Grants is a fund number that they might consider taking out, as well as the Counseling and Social Services number.

Water Fund

Assistant Director of Public Works for Operations, Stan Balicki, discussed the Water Fund
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budget found on page D-32. Mr. Balicki provided a brief summary of the Water Fund for FY 2012. The goals are to provide safe and reliable drinking water, operate and maintain the water system in the most cost-effective manner, and achieve stable and sufficient water rates. He showed slides of the Village's water towers. In 2010 there was a completion of the Water Rate Study, which is still on the Village's website. The fund is balanced for 2012, and they plan to move forward with capital projects as well. The Water Fund is a utility fund and user fees wholly support funds. He explained that the objective is to provide safe and reliable drinking water to the 50,000 Village residents; operate and maintain the water system in the most cost-effective manner; and achieve stable and sufficient water rates.

Mr. Balicki explained that the DuPage Water Commission supplies the Village's water. The Village's major system components include 7 elevated storage tanks; 6 rate control stations where the water enters our system; 200+ miles of water distribution main running through the streets in the Village; 2600 fire hydrants for fire protection; 2700 main line distribution valves that lie throughout the system; and Supervisory Control and Data Acquisition System (SCADA) which helps monitor the operation of the water system and make changes to it on an ongoing basis as needed. The Village has specialized staff licensed by the State, and trained to maintain the system on a daily basis.

Mr. Balicki then displayed a slide that was part of the 2010 Water Rate Study. Aspects of the Water Fund include operating and maintenance expenses, planned capital improvements projects, outstanding debt and contributions to reserve. Mr. Balicki said that the rate increase of 14% in 2011 is in place. The 14% increase for 2012 is anticipated. He said that the rate increases will support a \$10 million bond issuance in 2012 funded solely by the water usage fees.

Expenditures for 2012 include \$4.73 million for the cost of water; \$3.87 million for operations and maintenance expenses; \$0.50 million for debt service; \$6.894 million for capital improvements. The total budget is \$15.94 million. Anticipated capital projects for the coming year include watermain replacement at \$5.8 million; Maple Avenue Water Tank Refurbishment at \$885,000; \$150,000 for site security improvements, which were recommended in the Village's vulnerability assessment; \$120,000 allocated towards SCADA improvements; and \$100,000 for site facility improvements for a total of \$6.8 million.

Mayor Tully noted that Item #59 does not have any detail. He also noted that with respect to proposals for FY2012, he assumes that line #52 Supplies, is actually for the water and operating supplies. Ms. Buttny said that was correct.

Commissioner Durkin asked if there was a breakout of watermain replacement for \$5.5 million, and how large of an increase it is from 2011. Mr. Balicki said it is substantial as there were no watermain replacement projects in 2011. The Manager said that is why they did the Water Study Report.

Mr. Balicki added that some of the water system replacements for next year are in the Knottingham Subdivision, and in the Valley View Subdivision. These are coordinated with the roadway projects in those two locations. There are about ten or eleven projects throughout to help loop the system.

Commissioner Durkin asked if these actions are just for improvement, and if it has been shown that these actions cause less watermain breaks. Mr. Balicki said that there are \$45 million in watermain replacements overdue in the Water Study as they are beyond the useful life of 70 years. Replacing the old watermains helps areas that need it, and they see a dramatic improvement when replacements are done.

Commissioner Schnell asked for a usage report to verify revenue projections. The Manager said staff would provide a report. He said that they raised rates, and restructured the rates this year. This isn't necessarily representing a 14% increase in rates, but is a change in the rate that will result in more revenue and a change in behavior. Commissioner Schnell then asked for a summary update regarding recaptured water, and water being used but not paid for through leakage. She asked if the meters are doing what they are intended to do. Mr. Fieldman said that report would be provided.

Commissioner Waldack asked if the watermain replacement line contains a contingency for unexpected expenses. Mr. Balicki responded that this is for expected watermain replacements.

Commissioner Neustadt inquired as to whether they obtained grants for some of the expenses. Mr. Balicki said they did, and will continue to work with the Grants Coordinator on a regular basis. Commissioner Neustadt then referred to how North High is recycling its water, and whether that is affecting usage.

Commissioner Barnett suggested they plot the rate and usage over time to see the trends.

With regard to rate control stations, Commissioner Neustadt asked whether they are modern. Mr. Balicki responded that they are about 20 years old and still within useful life. They are adequately maintained.

Commissioner Waldack then asked about grants with respect to how much the Village gets in total, and how they are broken out by State and federal grants. The Manager responded that staff would put that in the Manager's report next week. The Village has been the recipient of many grants over the past few years.

Commissioner Barnett asked if it is fair to say that the Village's water main replacement is driven by efficient coordination with other projects versus need or lifecycle. Mr. Balicki said that was correct. They also are making major capital improvements on streets and check various other components such as tracking watermain breaks, etc.

Commissioner Rheintgen asked about the facilities line item, and Mr. Balicki responded that it is there to address site work that might be needed at a specific tower site, for example, the tower at the hospital. Some of the asphalt is deteriorating and needs to be redone. It basically refers to miscellaneous site improvements.

Mr. Thoman thanked staff and noted that the columns balance.

Capital Fund Components

Deputy Village Manager Mike Baker explained that the Village uses several different funds to account for its capital projects. The balance of this portion of the discussion on infrastructure will focus on the major systems that make up the Motor Fuel Tax Fund, Capital Projects Fund and Stormwater Fund.

Mr. Baker then referred to Slide 35, which shows an overview of the variety of funding sources the Village relies on to support the three funds. He drew attention to two items under the funding source category, which include the Local Gasoline Tax (previously under the Transportation Fund supporting Grove Commuter Shuttle), and the bond proceeds related to the planned \$25 million bond issue.

Commissioner Durkin clarified that these are internal changes and not general accounting practices, which Mr. Baker confirmed.

Commissioner Schnell said for clarification said that there is another local gasoline tax for Fairview Avenue Streets. Mr. Baker explained that the Motor Fuel Tax refers to the State shared revenue, and the Local Gasoline Tax is the locally adopted tax that the Village collects and administers from the gasoline stations in Downers Grove.

The Manager responded to a question regarding a sunset clause, saying there was no sunset clause in the actual documentation. Mayor Tully said it was originally contemplated that the additional local gasoline tax portion going to the Commuter Shuttle Program would only be around as long as the program was around. They are currently discussing potentially using that revenue stream for street projects to pay for reconstruction of roads due to the compelling street reconstruction needs.

Assistant Director of Public Works for Engineering, Andy Sikich provided objectives for the streets program. Staff makes efforts to coordinate the timing of street projects with other projects such as watermains, sewers, etc. By doing so, overlap and waste is reduced and cost is minimized, as well as minimizing construction impact on residents.

Mr. Sikich provided background statistics on the Village-owned streets, drained with curb/gutter, storm sewers, roadside ditches and culverts. A report was prepared by staff in 2010 to determine the condition of the Village's entire roadway network. Streets throughout the Village fall into

categories ranging from “good” to “fail” in terms of their present condition. He showed slides depicting roads representing the various conditions. He said that pavement does not deteriorate uniformly, and he showed a graphic depicting the theoretical decline of a pavement over time. The key to a cost-effective roadway maintenance program is to perform maintenance so that you do not end up reconstructing the streets a few years later at four times the cost. A cycle of resurfacing, crack sealing, patching, sealing and resurfacing again at regular intervals is needed to keep roads out of the very poor to failed categories. Most of the Village streets fall in the range targeted for regular maintenance, although 22% fall into the very poor to failed categories.

Commissioner Durkin asked about the 1% of failed streets. Mr. Sikich said those are in the Knottingham, Concorde Square and Valley View subdivisions.

Commissioner Schnell asked how many times they can repave a street. Mr. Sikich said it can be done many times.

The Manager said there is a map online called the 2010 Road Condition Report to allow residents to view their streets and general condition.

Mr. Sikich then identified the reconstruction projects, stating that reconstruction is much different than maintenance work. Design, planning, and permitting can take up to a year before work actually goes out to bid. These projects carry a larger price tag, are larger in scale and more disruptive to the neighborhood. The street reconstructions budgeted for 2012 are the Knottingham Subdivision, Valley View Estates Subdivision, and other smaller street segments, for a total of \$9.7 million in reconstruction for 2012 which will be paid for with existing revenue sources.

Mr. Sikich summarized the \$14.8 million dollar budget saying that \$4.7 million is for maintenance \$9.7 million for reconstruction, and \$0.4 million for the design of reconstruction projects for the 2013 budget.

The Mayor noted the standing question about line 59.

Commissioner Barnett referred to the slides showing street conditions, and said that the realities of our economics and the political will of this group acknowledges that they will allow streets to fail. This is still a reactionary budget. Mr. Sikich said it is more proactive than in the past. Commissioner Barnett said he agrees that they are making progress. He is not questioning the work, but stating clearly that the Village is choosing to let more streets get worse.

The Mayor said that there is a recommended maintenance program that they can follow exactly or adapt it to changing needs and still maintain the roads, although not follow it exactly.

Commissioner Barnett said that the most he hears from residents is that they wish taxes weren't so high, and why are the streets in such bad condition. That is a tough thing to square knowing

what they know about the decisions being made today. The Manager responded that the Village complies with and is consistent with the industry's standard practices. Commissioner Barnett asked what the cost was to raise it one level. The Manager said that information would be provided. It is not part of the \$3 million consideration in the LRF.

Commissioner Schnell commented that if you look at poor streets, they are still being maintained and are drivable. They could probably last for ten years. She said that not every street has to be "good." She is trying to be prudent using other people's money, and the question in her mind is "is it fixable."

Commissioner Barnett asked whether "poor" streets are to be rebuilt or repaired. Mr. Sikich responded that they are to be repaired, resurfaced.

Commissioner Waldack asked how the Village streets compare with other communities. Also, when evaluating streets, do they go block-by-block, half streets, portions, etc. The Manager replied that streets are looked at segment-by-segment, as was done in the 2010 street condition report. They have a significant backlog of reconstruction. Moving forward, certain development patterns have developed over the decades. Once the plan is established, they must manage the streets similar to the water fund and other plans to have a sustainable plan.

Commissioner Barnett asked if they are looking to get tougher and stronger with regard to treating this more like water. Mr. Fieldman said they have changed practices on permitting, and require when possible to auger for utilities, instead of open cutting the streets. The next phase is changing the bonding requirements and fees for open cutting so they address the potential issues caused by developers.

Commissioner Rheintgen asked about #48 "Contributions" and what it represents. The Manager said he would address Fund 220 at the end of the presentation.

Commissioner Durkin then asked about curbs during reconstruction and whether they would be torn out. Mr. Sikich responded that they would, and the Village would put in a 6" curb with depressions at each driveway.

Commissioner Durkin then asked about the brick streets and whether there are any issues anticipated for 2012. The Manager said there is nothing in the budget for brick streets for 2012.

Commissioner Durkin noted the total of \$14.8 million and asked what percentage of that is for sidewalks. Mr. Sikich responded that sidewalks will come out of another fund. Mr. Fieldman added that there are no reconstructions planned for 2012 where there are no sidewalks. Those will be bundled when they come up on the matrix. There will be more information when Clyde Estates is designed. They intend to get traffic calming built into the designs for Knottingham Estates and Valley View Estates within the budget constraints.

Commissioner Durkin asked what was done in 2011, and the Manager said about \$4 million was spent on maintenance, with no street reconstructions. Commissioner Durkin then asked if they will look at doing an Owners' Rep as they did with Fire Station 2. The Manager said they could look at this. Commissioner Durkin said that the Village has a good history with Owners' Reps due to the size of the projects. He further noted that Darien has a good resurface program, with every street being resurfaced every ten years. It is a good, aggressive program.

Commissioner Neustadt said there would be a lot more of these projects, and it would be good to add prequalified, ready-to-go bidders and contractors. The Manger said that makes sense, and Commissioner Durkin agreed.

Bill Wrobel, 7800 Queens Court, addressed the question of repaving Knottingham. If it had been done when this was first discussed, it would have avoided a lot of patching. A dedicated funding source is the way to go for planned maintenance. He suggested they move ahead with the dedicated fund for the streets because it will be a major improvement in the way they budget.

Chris Fregeau, 1918 Elmore, noted that maintenance went up over last year. She said she doesn't think there are any safe places to drive if there are no sidewalks. She asked about how they are bundling both for streets and stormwater. She is concerned about the prioritization.

Mr. Fieldman replied that reconstruction for 2012 of Knottingham and Valley View have sidewalks but no traffic calming. They will bundle that aspect together. Clyde Estates does not have sidewalks and they will bundle the street reconstruction there. He explained how they are attempting to coordinate projects with other agencies as well. If they had followed the sidewalk matrix to the letter, they would have installed sidewalks two years ago and then have to reconstruct in another couple of years. It made no sense to do that. Ms. Fregeau said that the targets keep moving and the plans keep changing. She sees it as contradictory. All of the plan changes are terrifying from a residential perspective.

The Mayor said that they can probably address this through communication. He said what they are talking about now is expectations.

Mr. Thoman commented that one program that continues to appear and disappear throughout the years is Brookbank, and he did not see it in this year's program. Residents really need an update on what is happening with Brookbank. The Manager replied that Brookbank is in the CIP and they have to coordinate this with development activities, and that development is in flux and change. They budget it every year and are obligated to construct it.

Ms. Fregeau then asked about lane miles versus centerline miles, and why there is a difference.

Mr. Sikich replied that "lane miles" is a more technical term with regard to the amount of pavement to be maintained, as a four-lane requires more work than a two-lane roadway.

Stormwater

Director of Public Works, Nan Newlon, presented the discussion on stormwater with a brief overview of the program for the year 2012. Objectives are to maintain and improve stormwater systems in accordance with the Stormwater Master Plan; complying with the requirements of the Clean Water Act regulations; and continuing to construct identified high priority projects. She noted that maintenance of the system is the first priority. The Village has three major watersheds, Lacey, St. Joseph and Prentiss creeks. Two-thirds of the Village is drained by these creeks by way of 130 miles of storm sewers and 7000 drainage structures. There are 315 stormwater storage facilities, the majority of which are private.

Ms. Newlon then showed slides depicting the conditions of some of the deteriorated drain tiles in the Village. She noted that it is critical that the Village continue to maintain the systems and replace damaged areas. In addition, there are neglected and deteriorated sections of the streams that can lead to flooding. She said the Village addressed the Orchard Brook area Lacey Creek project, completing Phase 1 of the project. Additional streambank stabilization projects are under design. The Village has constructed several identified high priority projects such as the facility at Washington Park in partnership with the Village and the Park District. The Manager said that this project is working exactly as they hoped it would during recent flooding rains. The system has an underground draining system and drains at the proper rate.

Ms. Newlon said that to meet the stormwater objectives for 2012, a total of \$2.9 million has been included for capital maintenance. She noted that information on each project can be found in the CIP section of the budget. The estimated cost for the high priority projects is approximately \$5.4 million. In addition, staff anticipates spending \$500,000 to replace some of the oldest and most deteriorated storm sewers. Another project identified at Wisconsin and Janes will alleviate significant structural flooding at that location at an estimated cost of \$350,000. The total budget for storm sewer replacements is \$850,000. The total budget for the entire 2012 program is \$9.2 million.

Commissioner Neustadt asked if the slide that references the floodway at Webster slide is for property acquisition. Ms. Newlon said it was.

Commissioner Rheintgen asked how priorities are determined. The Manager responded that prioritization was established by the Watershed Infrastructure Improvement Plan. High priority includes those areas that flood people's houses and businesses, or that affect public safety. Commissioner Rheintgen then noted the Hummer Park flooding in her neighborhood, and the Manager said that is a high priority item. Preliminary studies were completed this week.

Commissioner Waldack asked how the amount of \$500,000 was assigned for storm sewer replacement. Ms. Newlon said it was the best estimate of the worst storm sewers with the resources on hand. There is more need for replacement than funding available.

Commissioner Durkin asked about Robey Pond. Ms. Newlon responded that it is part of the Valley View Pond project. Commissioner Durkin asked if they will continue with that and the Manager said they would. He had conversations with the Park District about this project last week.

Commissioner Durkin then inquired about Barth Pond. Mr. Fieldman said this will be compliance dredging. Commissioner Durkin asked why this is being done now and why it wasn't done prior to the rebuild. The Manager said that is an ongoing conversation staff is having with the Park District. Commissioner Durkin asked what the breakout is for Barth Pond, and what would it have cost prior to the work that was done. He also asked if the material is contaminated. The Manager responded that they will have to analyze the silt and it appears that there will be some challenges. Staff doesn't have reports on Barth Pond at this time. The Council will have the opportunity to review each of the projects as these projects come up for discussion.

Commissioner Rheintgen asked whether the agreement with the Park District will be amended. Mr. Fieldman replied that the agreement is from 1987 and will be reviewed.

Mayor Tully asked whether staff could tie the line items to the projects so people can match the projects to the line items. The Manager said they can reference the book with the slides in the future. Mr. Baker said that they can make reference to the project on the slides online.

Mayor Tully noted that there are significant expenses in future years, for which there are no revenues.

Commissioner Schnell stated that the bond proceeds will be used up this year and next year. Mr. Fieldman said that was correct.

Commissioner Schnell asked about the \$100,000 cost sharing program, and how it is advertised. She asked if staff approaches the residents. Mr. Fieldman responded that staff tells residents when projects will be done, and is proactively addressing areas where there are known flooding problems. He also said they will continue to make changes to maximize the program. Commissioner Schnell commented that it is more user friendly.

Mayor Tully commented that prior to 2008 this was part of the Capital Projects. Now it is its own separate fund.

Commissioner Neustadt pointed out that the improvements being made are obviously working, so maintenance of the system is extremely important.

Ms. Fregeau said they cannot overstate the amount of money committed by the Village to address this issue. She said the Village should put a sign up to show the improvements being made, particularly when the Village is investing tens of millions of dollars over the year. It is an

inexpensive way to show residents what is being accomplished.

The Manager said that was a good idea and he thought they could make that happen.

Sidewalks

Ms. Newlon provided background information on the Village's sidewalk program. The Village's policy is to construct a sidewalk on at least one side of every street. The staff maintains a sidewalk matrix to assist with prioritizing construction. She noted that the Village has constructed approximately 240 miles of sidewalks. There are 36,100 lineal feet, or about 7 miles of sidewalks identified on the matrix as remaining to be constructed.

Ms. Newlon said that the objectives of the sidewalk program are to maintain the existing sidewalks, bring them into compliance with current State and accessibility requirements, to continue implementation of the sidewalk matrix, and pursue right-of-way acquisition along Ogden Avenue for sidewalk construction. She displayed photographs of recently improved sidewalks. In addition, a chart showing the preliminary sidewalk segments proposed for 2012 was shown. These represent about 1-1/4 mile of sidewalks, or 6500 lineal feet. The Transportation and Parking Commission will review the updated sidewalk matrix at their meeting next week. There will also be meetings scheduled in November with the neighborhoods covered on the matrix.

Ms. Newlon noted that \$300,000 has been included in the budget for new sidewalks, \$182,000 for replacement sidewalks, and \$300,000 for Ogden Avenue right-of-way acquisition for sidewalks. The total allocated is \$782,000.

Commissioner Schnell asked about the grant regarding Ogden Avenue. The Manager responded that the Village has to acquire the rights-of-way. Ms. Newlon added that the Village still has grant money, and they have requested money for the rights-of-way acquisitions. The Manager added that this is cumbersome legally on a local level. Once the right-of-way is obtained then they can get the money. Commissioner Schnell said this has been going on for 20 years. She asked about coordinating with the OASIS grant program. The Manager said that they are acquiring easement where needed, and improvements on Ogden Avenue will be coordinated with sidewalks. The Manager said that the challenges they face on the Ogden Avenue right-of-way are extreme.

Commissioner Schnell then asked where the gap program falls into the budget. Ms. Newlon said that gaps are considered new and are not in the 2012 budget. Commissioner Schnell said she would like to see those gaps finished, and would like an estimate of the cost to finish the number of gaps. The Manager responded that to fund them they would have to reduce street maintenance or add new revenues.

Commissioner Schnell said that if you have gaps you do not have safe walking areas.

Commissioner Barnett commented that gaps diminish the value of the sidewalk.

The Manager said they would obtain the accurate numbers. If they have a good bidding environment, they will ask whether gaps should be included. They could use the savings in a good bidding environment for the gaps, or for additional segments. That is a policy issue that can be pursued when the information is available.

Commissioner Rheintgen noted that some schools do not have sidewalks on both sides of the streets. Ms. Newlon responded that Safe Routes to School programs are put together with the schools, and they have been looking at where it would be best to have sidewalks on both sides of the street.

Commissioner Neustadt asked whether the Village has enforcement tools for those walking in streets. The Village installs sidewalks but the people do not use them. He asked what would happen if people are on a street that does not have a sidewalk. He said they should have some kind of campaign so residents realize they should be on the sidewalks and not on the streets whenever possible.

Commissioner Waldack said that they must make sidewalks as safe as possible because people will walk where they feel safest.

Mayor Tully said they should promote the sidewalks through some kind of public relations campaign. And people should be asked to notify the Village if there are problem sidewalks in the area in need of repair.

Chris Fregeau, 1918 Elmore, noted that roads aren't safe for drivers if people are walking on them. She sees the Village spending more money. She asked how far they are projecting out to be done with "doable" miles. She reviewed the amounts estimated over the next year. In 2008 they said they would be done by 2013. Ms. Newlon said that they are going about one mile per year. That would equate to seven years. Ms. Fregeau said she comes to the meetings looking for the light at the end of the tunnel. However, it appears that they are taking one step forward and two steps back, which they do not see on other infrastructure projects. She noted that seven years ago they spent more money than they do now. This Village policy is overshadowed by new priorities.

Commissioner Barnett commented that they haven't reduced the funding based on people not wanting them. It is constantly moving based on priorities, but not because the matrix has been de-prioritized. The whole point of the LRFP is a review of about three-years out. New things have come up.

Mayor Tully said that it is not about not advancing along the matrix; it's always about how far and how quickly it can be done. There has been a constant contribution into the matrix, and they

are always working on it. This is about balancing competing needs. Council after Council after Council has continued this policy and contributed toward it. The problem is balancing different competing needs.

Commissioner Barnett added that adjustments are always being made. Things will be moved back and forth. It is not a de-prioritization of the sidewalk program.

Ms. Fregeau asked whether the Village has exhausted grant options, and whether the Ogden Avenue grant has options attached to it. The Manager said staff is always looking for grant options, and there's always another grant opportunity somewhere. Funding from the Ogden Avenue TIF cannot be used elsewhere.

Commissioner Durkin said he looked at the projections made in 2010. If they look at the projections going out now for 2013-14, there is a dramatic decrease from the projections in 2010, and he asked why that decrease exists. The Manager responded that staff is trying to project out revenues, expenses and priorities. Those numbers moved moderately, and each year they present a proposed budget.

Commissioner Barnett added that staff is following directions from the Council as well.

Commissioner Durkin commented that they need to establish an end date if they really want to get this done. Mayor Tully replied that could be part of the bonding conversation, and that is something the Council can consider in those discussions.

Commissioner Schnell stated that sidewalks are important, but priorities vary. The Village's job is to prioritize. They have limited resources and have to decide how they are allocated. They have to have a balanced budget and live within their means.

Mayor Tully noted that they have identified the issue, and they will have a conversation regarding bond funding. The Manager noted that staff will come up with policy issues and options for funding of sidewalks, as well as long-term options on how to use scarce resources for bond issues.

Transportation Fund

Mr. Fieldman said this is Fund 112 and these funds are expended on the maintenance and operation of the Grove Commuter Shuttle System. The revenues are from bus fees and PACE contributions. This budget reflects the additional PACE funding that the Village expects to receive from a revised agreement, which is currently being negotiated, and should be in place for 2012. Local gasoline tax has been moved to the Capital Projects Fund. Additionally, the 2012 budget includes a \$25,000 contribution to address the nearly \$2 million accumulated deficit of this fund. Revenues are expected to be \$300,000 with expenses of \$275,000 leaving \$25,000 to address the deficit.

Commissioner Schnell said that in actuality the \$25,000 is an interfund transfer. The Manager said that was correct and the Council can decide to adjust it when the time comes.

Commissioner Durkin asked when the warranty runs out on the buses. The Manager said he will obtain that information, but it will become the responsibility of PACE.

TIF Funds

Mr. Baker said that the TIF funds were created in 1997 to provide a funding source for redevelopment activities and infrastructure improvement in the central business district (CBD) (Fund 107). This coincides with the boundaries of the CBD. Discussion of this fund took place at length during the LRFP sessions.

Mayor Tully asked what the Village can do now, proactively, to head off future issues. The Manager said it is important to follow the recommendations presented this summer—control expenses, use accumulated fund balance to address debt service through the next 3-4 years, pursue grant funding and, long-term, to explore restructuring the life of the bonds. He said following that plan would minimize future issues. The Manager said that 338 is a debt service fund, with money transferred out of fund 107. The only monies going into 338 are those identified to pay off the downtown debt. The \$500,000 State money went to pay for the parking deck.

Commissioner Schnell said that the Village is also working with the Downtown Management Corporation and the EDC for redevelopment opportunities. The Manager said they also continue to redevelop and invest in the downtown to increase the tax base. That's reflected in the Comprehensive Plan recommendations. Staff has worked with the directors of the DMC and EDC.

Commissioner Rheintgen asked about Fund 338 as related to 2007-08. The Manager responded that they had to levy an amount to meet the debt service for one year. They have not had to do that for several years.

Mr. Baker then discussed Fund 110, and presented the Ogden Avenue TIF overview. He said this began in 2001 and functions similarly to the Downtown TIF in terms of use of property tax collected within the district. An important distinction to be made in terms of the strategy of the Ogden Avenue TIF is that they have used a pay-as-you go approach, allowing the funds to build up and then use them for various improvements and other initiatives. The OASIS program is a prime example. Other funds have been identified for use for improvements identified with the Ogden Avenue Master Plan created in 2007.

The Mayor said that basically right now they are only utilizing OASIS as application of the funds. Mr. Baker said that was correct. There are opportunities in the Master Plan that can be

reviewed. Mr. Fieldman added that there is a fund balance to draw down upon, which is why expenses are greater than revenues. The life of the Ogden Avenue TIF is 23 years, running through 2024. The revenues are the tax increment funds.

Other Funds

Fund 530 Equipment Replacement Fund

Finance Director Judy Buttny explained the Equipment Replacement Fund provides cash balance necessary for vehicle, equipment and computer-related purchases. She said that purchases are made following an equipment replacement schedule and expenses are paid through the collection of fees from user departments that pre-fund the purchases. The FY2012 revenues are budgeted at about \$1.2 million, and the \$1.4 million in expenses reflects purchases planned for 2012.

Commissioner Durkin said he noticed on G-36 there were replacement vehicles. He noticed some Tahoes and Explorers and asked as to the replacement vehicles. Ms. Buttny said that is determined at the time of replacement. The Manager said staff does a thorough analysis of the replacement schedule. There has been a good transition in downsizing as well. Commissioner Durkin said his concern is that the City of Chicago's SUVs have not met expectations. He asked if the Village is going to continue with the SUVs.

Mayor Tully asked about line 45, Fees, Charges and Fines (D-34), which shows an increase in revenue from 2011 to 2012. The Manager responded that last year staff looked at ways to restructure the fund to allow for the purchase of the new fire ladder truck without using debt instruments or short-term financing. This represents an increase in user fees from the operating departments.

Commissioner Barnett asked for additional information about the 2014 numbers. He said that the 2014 number is startlingly lower. The Manager said staff would provide that narrative.

Commissioner Durkin asked about the ladder truck, and the Manager said that will be included in 2011, not 2012.

Fund 531 Fleet Services Fund

Ms. Buttny then discussed 531 Fleet Services Fund. This maintains and operates the Village's fleet, and expenses are paid by collecting fees from user departments. Much of what happens here impacts what happens in the General Fund. In FY2012 they anticipate collecting \$1 million in user fees, and spend about \$1.8 million for maintenance of the fleet. Operating efficiencies will reduce fleet costs to below the 2008 level, and within five years 99% of the fleet will be running on alternative fuel.

Commissioner Schnell asked if this includes all vehicles running on alternative fuel. The

Manager replied that Downers Grove is an industry leader in alternative fuel and fleet management. The Village has been on a speaking tour to celebrate the successes the Village has had. The next round of plow vehicles will be powered by compressed natural gas.

Commissioner Durkin asked if they are anticipating building electric ports in future years for our own vehicles. Ms Buttny said that is not anticipated at this time. Commissioner Durkin said that Walgreens is planning on putting in electric ports nationally.

The Manager said Community Development is reviewing the Zoning Ordinance and this may be addressed in the parking fund as well.

Commissioner Durkin then asked if they will be looking at electric cars, and the Manager said the innovation team is looking at this.

Commissioner Waldack suggested they might be able to take advantage of Argonne's work in this area.

The Mayor asked if there are more opportunities to collaborate with other taxing bodies. There are other taxing bodies in the Village that have alternative fuel vehicles.

Fund 563 Health Insurance Fund

Ms. Buttny presented an overview of the Health Insurance Fund, saying the Village has self-insured medical, dental, vision and life insurance. Administration of the fund is conducted through internal staff and contractual support. In addition to Village staff, she said this provides coverage for the Library, Park District, the EDC and Village retirees. The FY2012 revenues of \$6.3 million are generated by premiums paid by plan participants as well as the Village's contribution, and the expenses of \$6.3 million are budgeted for claims and administrative costs. She said Blue Cross/Blue Shield is the insurance network and is saving the Village about 20% over the previous carrier.

Commissioner Schnell asked if post-employment benefit changes will affect all of the retirees covered by the plan. Ms. Buttny said that was right.

Commissioner Durkin asked about looking at the cost to employees for high-risk behavior. The Manager said that there is a wellness team looking at all of those issues including charging an additional cost to employees for specific high-risk behavior.

Fund 562 Risk Management Fund

Ms. Buttny said that the Village is self insured for risk management. The fund includes workers' compensation, general liability and auto liability. The Village purchases excess insurance for any catastrophic claims. The fund is administered through internal staff and contractual support.

She noted that the FY2012 revenues totaling \$1.9 million comes from the Village departments, and the expenses budget of \$1.9 million is budgeted for claims, excess insurance and administrative costs. In 2011 the Village hired a new third-party administrator hired to implement cost containment strategies. In addition, the FY2012 budget anticipates creation of a full-time Risk Manager position.

The Manager said the Assistant Director of Human Resources position no longer exists, so this is a shift of existing resources to an area where they think they can be more effective in controlling costs. The former Risk Manager is now a Director. They are getting ready to interview for the Risk Manager position.

There being no further discussion or questions, Mayor Tully said this will be reviewed again at upcoming Council meetings. Mr. Fieldman said that it would be discussed at the October 18 Council meeting. The next Council meeting will focus on Stormwater Utility.

The Mayor thanked staff and everyone involved in creating this document for their efforts, presentation and creation of a balanced budget.

Commissioner Barnett commented that a lot of this is the function of three years of long range financial planning. This works because everyone buys into this process. He thanked everyone for their participation.

Commissioner Neustadt asked that the employees understand that their work in providing a balanced budget takes a great deal of stress off the Council and it is appreciated. There will be no reduction in programs or service levels, and that is a big change from the previous few years. He asked that the message be communicated to all staff members.

Commissioner Durkin added that when this budget started several years ago, everyone worked hard and the Village is now able to give back \$400,000. There will be many municipalities who are not in this position because they did not have the vision that Downers Grove. He said hats off to everybody who worked so hard to bring the Village to this position.

There being no further discussion, the meeting was adjourned at 12:02 p.m.

April K. Holden
Village Clerk