

Summary of Long Range Financial Planning Tuesday, August 4, 2009

The Village Council and staff met on August 4, 2009 for the fifth in a series of Long Range Financial Planning sessions. The purpose is to develop a Long Range Financial Plan to guide budget preparations and strategic plan development.

Village Manager Fieldman began the session by outlining the following strategic concepts preferred by the Village Council for closing the General Fund structural gap over a three year period:

- Expense Reductions
- Property Tax Levy Increase
- Other Revenue Increases
- Use of Reserves

The specific three year plan presented involves the following action items:

- 2010
 - Reduce Expenses by \$2.0 Million
 - Increase the Property Tax Levy for General Fund Operations by \$500,000
 - Increase Other Revenue Sources by \$1,000,000 (6 months)
 - Use \$1.0 Million of Reserves
- 2011
 - Contain Expenses
 - Increase the Property Tax Levy for General Fund Operations by \$500,000
 - Capture Full Year of Other Revenue Increases (Additional \$1 Million)
 - Maintain Reserves
- 2012
 - Contain Expenses
 - Increase the Property Tax Levy for General Fund Operations by \$500,000
 - Begin Replenishing Reserves

Following the Council's discussion on the proposed plan, Deputy Village Manager Mike Baker presented information regarding the use of enhanced or alternative revenues as a solution for closing the General Fund structural gap. Mr. Baker began by outlining potential enhancements to existing revenue sources in the following categories:

- Home Rule Sales Tax
- Natural Gas Use Tax
- Electricity Tax
- Hotel Tax
- Fees

The proposed alternative revenue sources presented along with the comparable rates from neighboring communities included:

- Food and Beverage/Liquor Tax
- Vehicle Stickers
- Real Estate Transfer Tax

Comparable rates for each of the aforementioned categories in neighboring communities are available by viewing the attached presentation.

Village Manager Fieldman concluded the session by indicating that staff intends to complete and present a Long Range Financial Plan after the sixth and final meeting on August 18. Ultimately the goal is to complete a plan by September so that the results of the long range financial planning process can be used in preparation for the 2010 budget.