

FY10 Budget Message

TO: Honorable Mayor and Council
FROM: David Fieldman, Village Manager
RE: Adopted FY10 Municipal Budget
DATE: December 1, 2009

The Village Budget Team and I are pleased to present the FY10 Municipal Budget. The enclosed budget for FY10 was adopted on December 1, 2009 after significant public, Council and staff review and discussion. The adopted FY10 budget reflects the challenging economic conditions affecting nearly all municipalities in the state, region and nation and includes fiscally prudent responses to these economic conditions. The FY10 budget calls for substantive modifications to some of the services traditionally provided by the Village of Downers Grove.

For a period lasting from May, 2009 through September, 2009, the Village Council took part in a series of meetings to discuss the Long Range Financial Plan (LRFP). On September 24, 2009, the recommended FY10 Municipal Budget was published for the Village Council and the public. Following publication of the document, an extensive public input process was conducted which included several budget workshop meetings which were held on the following dates:

- o October 3, 2009
- o October 6, 2009
- o October 17, 2009 (Coffee with the Council)
- o October 20, 2009
- o November 3, 2009 (Budget Workshop and Public Hearing)
- o November 17, 2009
- o November 24, 2009

A key component of the budget process was the preparation of the LRFP. The LRFP is the product of thorough analysis of the Village's financial condition, the impact of the changing economy, extensive public input and the thoughtful consideration of the Village Council. The financial planning process revealed that the Village is faced with declining revenues and increasing operating and capital expenses that create a substantial structural gap in the General Fund and other funds used for needed infrastructure and facility investments. The LRFP identified seven strategies to address these challenges. Please see the attached LRFP presentation summary for additional information.

Long Range Financial Plan Strategies

- Implement Operating Efficiencies
- Enhance the Revenue Base
- Reduce/Eliminate Services, Events & Programs
- Increase/Enhance Property Tax Revenue
- Increase/Enhance Other Revenue Sources
- Reduce Personnel Expenses
- Strategically Use Reserves

The primary goals of the FY10 budget include:

- Reduce General Fund expenses and enhance revenues pursuant to the LRF recommendations
- Continue to invest in needed infrastructure improvements using funds from dedicated funding sources
- Eliminate the annual operating deficit in the Transportation Fund
- Provide funding for the implementation of the 2010 Strategic Plan Action Agenda

The Village budget is comprised of 25 active funds. The total municipal budget for all funds consists of approximately \$96.51 million in revenues and \$117.59 million in expenses. Table 1 below summarizes the revenues, expenses, beginning balance and ending balance for each fund within the budget. While the budgeted expenses exceed the budgeted revenues, many of the funds have been accumulating a balance to allow for planned expenses and key projects in FY10. Three of the funds are managed by the Library District, an independent component unit of the Village.

Table 1
All Funds Revenues, Expenses and Fund Balances, FY10

Fund	Estimated Balance 12/31/2009	FY10 Budgeted Revenue	FY10 Budgeted Expenses	Budgeted Balance 12/31/2010
General Fund	15,169,661	39,455,928	40,289,655	14,335,934
Motor Fuel Tax	32,515	1,104,100	1,100,000	36,615
Downtown Redevelopment TIF	288,838	2,234,323	2,264,969	258,192
Foreign Fire Insurance	159,583	65,300	78,300	146,583
Ogden TIF	2,680,250	782,448	2,381,200	1,081,498
Tax Rebate	-	700,000	700,000	-
Transportation	(1,955,067)	287,000	265,452	(1,933,519)
Capital Projects	1,881,228	6,947,471	8,153,129	675,570
Municipal Buildings	487,472	-	400,000	87,472
Real Estate	276,112	77,400	94,990	258,522
Stormwater Improvement	22,991,951	4,788,139	21,785,564	5,994,526
Debt Service-Fairview Ave	109,748	210,000	274,324	45,424
Debt Service-Downtown TIF	765,144	2,875,429	2,875,427	765,146
Debt Service-SW/Facilities	-	4,634,658	4,634,658	-
Parking	797,064	1,346,800	1,309,604	834,260
Water	4,877,460	8,388,456	10,596,048	2,669,868
Equipment Replacement	1,324,834	1,307,913	740,307	1,892,440
Fleet Services	430,007	1,372,610	1,747,976	54,641
Risk Management	(1,518,413)	2,210,700	2,209,984	(1,517,697)
Health Insurance	1,485,941	6,213,067	6,250,481	1,448,527
Police Pension	31,001,850	3,215,508	2,437,802	31,779,556
Fire Pension	26,638,780	3,349,952	2,038,637	27,950,095
Library	2,509,347	4,286,528	4,237,035	2,558,840
Library Construction	245,368	3,730	75,000	174,098
Library Debt Service	840,255	654,805	649,871	845,189
TOTALS	NA	96,512,265	117,590,413	NA

The General Fund

The General Fund is the main operating fund of the Village. The majority of Village services are included in this fund. The LRFP includes a specific action plan for the 2010 General Fund budget. The adopted budget is consistent with the recommended action plan noted below.

LRFP 2010 Plan for the General Fund

- Reduce Expenses by \$2,000,000.
- Increase the Property Tax Levy for General Fund Operations by \$500,000.
- Increase Other Revenue Sources by \$1,000,000 (6 months).
- Use \$1,000,000 of Reserves

Consistent with the above plan, the FY10 budget calls for changes in the Village's business model and in many cases is not *business as usual*. If the Village were to continue operating *business as usual*, the General Fund FY10 expenses would be approximately \$42.9 million with revenues of approximately \$38.4 million resulting in a budget gap of \$4.5 million. The budget calls for General Fund expense reductions of approximately \$2.59 million offset by increases in other remaining expenses, revenue enhancements of approximately \$1.5 million and the use of about \$834,000 of the balance in the General Fund. These actions yield budgeted expenses of approximately \$1,272,000 less than the FY09 budgeted expenses. The budgeted expenses are greater than the FY09 estimated expenses because the Village used many one-time expense reduction efforts in 2009 that are not available in 2010.

Table 2

General Fund Revenues and Expenses, FY07 to FY10 (in millions)

	Revenues	Expenses	Difference
FY07 (Actual)	\$41.14	\$42.72	(\$1.58)
FY08 (Actual)	\$40.98	\$42.25	(\$1.27)
FY09 (Budget)	\$41.58	\$41.56	\$.02
FY09 (Estimate)	\$39.20	\$39.80	(\$0.60)
FY10 (Business as Usual)	\$38.36	\$42.88	(\$4.50)
FY10 (Adopted Budget)	\$39.46	\$40.29	(\$0.83)

General Fund Expense Reduction Efforts

Total General Fund expenses have been reduced by approximately \$1,272,000 compared to the FY09 budget. Expenses, prior to any offsetting increases, have been reduced by approximately \$2.59 million through a series of cost saving measures and operating efficiencies across all departments. The expense reduction efforts are consistent with the recommended strategies and adhere to the 2010 action plan found in the LRFP. These reductions are sustainable over the long term. While many of the cost saving measures are due to operating efficiencies and allow the Village to continue to provide services at their current level, many of the cost saving measures result in service level reductions. Staff will monitor service levels throughout FY10 and report any key findings during the quarterly budget reports. Major cost savings and operational efficiency improvements are noted in Table 3 below and summarized in the following paragraphs.

Table 3
FY10 General Fund Expense Reductions

Action	LRFP Strategy	Cost Savings
Improvements to Vehicle Fleet Management	Operating Efficiencies	\$400,000
Changes to the Health Insurance Plan	Reduce Personnel Expenses	\$450,000
Elimination of Full and Part Time Positions	Operating Efficiencies, Reduce Personnel Expenses & Reduce/Eliminate Services, Programs and Events	\$1,023,000
Suspension of 2010 Heritage Festival	Reduce/Eliminate Services, Programs and Events	\$494,000
Elimination of Pro Criterion Bike Race	Reduce/Eliminate Services, Programs and Events	\$37,000
Elimination of the Ice Sculpture Festival	Reduce/Eliminate Services, Programs and Events	\$23,000
Modification of July 4 th Parade	Reduce/Eliminate Services, Programs and Events	\$7,000
Modification of the Taxi Subsidy Program	Reduce/Eliminate Services, Programs and Events	\$50,000
Suspension of the Community Grants Program	Reduce/Eliminate Services, Programs and Events	\$72,000
Elimination of the DuPage Senior Citizen Grant	Reduce/Eliminate Services, Programs and Events	\$39,000
Total Cost Savings		\$2,595,000

Improvements to the Vehicle Fleet Management – In FY09, the Village made several improvements to the size and management of the vehicle fleet. To date, staff estimates that efficiencies implemented in the Village fleet have resulted in savings of approximately 20%. These cost savings are sustainable and will reduce the FY10 General Fund expenses by approximately \$400,000. Some of the major fleet efficiencies implemented by staff in 2009 include the following items:

- *Staffing Reductions* – Through attrition, the Village eliminated one mechanic position. Staff has successfully maintained the same level of service due to efficiencies gained from the enhanced use of the Computerized Fleet Analysis system.
- *Enhanced Utilization of the Computerized Fleet Analysis Software (CFA)* - Procedures were implemented to the Computerized Fleet Analysis (CFA) software which will allow staff to more accurately track fuel usage, as well as schedule maintenance and document vehicle repairs.
- *Reduced Fuel Consumption* – Staff has implemented several initiatives in an effort to reduce fuel consumption and lower costs. Some of the fuel savings initiatives include:
 - Anti-Idling Policy
 - Fire Department Jump Company
 - Switch to Nitrogen Tire Inflation

- *Reduction in Fleet Size* – A total of 15 vehicles have been removed from the Village fleet since January 1, 2009.

Please see the attached report for additional information.

Changes to the Health Insurance Plan – The Village provides health benefits to full-time employees, through a self-insured program administered by a third party. The provision of these benefits is a major component of the personnel expenses in the General Fund. The Village’s health insurance consultant, GCG, is proposing several modifications to the Village’s current health plan. These changes are intended to reduce operational costs to the Village while offering expanded choices to employees. Without the changes being, Village health insurance costs would have increased by more than 10% for 2010. The health plan will change the current premium structure in an effort to encourage Village employees to shift from the low-deductible plan to the high-deductible or VEBA plan. Premium costs for employees who shift to a higher-deductible health plan will reduce potential costs for the Village and also reduce premium costs for themselves and their families. Plan design changes were developed in a manner that provided financial incentives for employees to take greater ownership over their individual and family health care decisions. Additionally, coverage for services at Good Samaritan Hospital has been expanded. As adopted, the changes to the health insurance plan will save the General Fund \$450,000 when compared with original projections, eliminating the need for further personnel reductions elsewhere. Please see the attached report for additional information.

Elimination of Full-Time and Part-Time Positions– Total staffing for the Village for the adopted FY10 budget is 340.88 FTE, a reduction of 25.65 FTE positions from FY09 (see table 4 below). The majority of the positions are included in the General Fund. Many positions became vacant in the early part of 2009, prior to staff quantifying the structural gap in the General Fund. When quantifying the gap, staff assumed these positions would remain vacant. An additional 11 full-time and 6 part-time positions are to be eliminated and are included in the \$2.59 million of expense reduction efforts. Eliminating these positions would result in reducing personnel expenses in the General Fund by \$1,023,000.

**Table 4
Staffing Plan, 2009 to 2010**

Department	2009	2010	Change	Percentage Change
Counseling & Social Services Dept.	3.90	1.25	-2.65	-67.95%
Community Events Department	3.00	1.00	-2.00	-66.66%
Village Manager's Office	6.60	4.60	-2.00	-30.30%
Human Resources Department	4.50	3.5	-1.00	-22.22%
Legal Department	3.75	3.00	-.75	-20.00%
Communications Department	6.25	5.50	-.75	-12.00%
Community Development Dept.	18.50	16.50	-2.00	-10.81%
Building Services Division	9.25	8.25	-1.00	-10.81%
Finance Department	13.18	12.18	-1.00	-7.59%

Police Department	120.60	114.60	-6.00	-4.98%
Public Works Department	77.75	74.25	-3.50	-4.50%
Fire Department	88.75	85.75	-3.00	-3.38%
Information Services Department	8.00	8.00	--	--
Village Clerk's Office	2.50	2.50	--	--
TOTAL	366.53	340.88	-25.65	-6.99%

The combination of the elimination of positions and the changes to the health plan reduce personnel expenses. However, due to increases in the other personnel costs such as salaries and benefits (the Village required contribution to the police and fire pension funds increased by \$845,108 compared to FY09), the result is a small decrease in personnel expenses compared to the FY09 budget (see table 5 below).

**Table 5
General Fund Expenses by Category, FY09 and FY10**

Category	FY09 Budget	FY10 Budget	Change	% Change
Personnel	\$30,625,857	\$30,620,305	(\$5,552)	-0.01%
Non-Personnel	\$10,936,338	\$9,669,350	(\$1,266,988)	-11.58%
Total	\$41,562,195	\$40,289,655	(\$1,272,540)	-3.06%

While many of the position eliminations do not significantly affect Village service levels as staff continues to identify and achieve operating efficiencies, some of the position eliminations would affect service levels. These positions and the likely impact of the elimination are summarized below.

2 FTE Assistant Community Events Coordinators: The Community Events Department consists of three full-time positions (one Director and two Assistant Community Events Coordinators). The FY10 budget calls for the elimination of two Assistant Community Events Coordinator positions and would reduce General Fund expenses by approximately \$140,000. The majority of the work currently performed by the individuals in these positions would be eliminated while the remaining tasks would be performed by other Village employees. The Ice Sculpture Festival would be eliminated (see Elimination of Ice Sculpture Festival), Heritage Festival operations would be suspended for FY10 (see Suspension of 2010 Heritage Festival), the holiday recognition program would be eliminated, the Pro Criterion Bike Race would be eliminated (see Elimination of Pro Criterion Bike Race), the July 4th Parade would be modified, the permitting process for events such as 5K and 10K runs would be managed by Community Development, and the community events calendar maintained by the Village would be eliminated.

Part Time Production Assistant: The Communications Department consists of 6.25 full-time equivalent positions including 1.75 FTE production assistants. The FY10 budget calls for the elimination of a 0.75 FTE part-time production assistant and would reduce General Fund expenses by approximately \$28,000. The Village's television show production services would be reduced resulting in the production of fewer community events for broadcast on channel 6.

Part-Time Public Service Response Team Position: The Village currently operates a Public Service Response Team which provides certain non-emergency services on weekdays and weekends. Currently, two part time PSRT employees work 7:00 am to 3:30 pm, and 3:30 pm to midnight on Saturday and Sunday each weekend, providing coverage for 17 weekend hours. A large part of their work tasks originate from VOC as a result of calls, and they also support regularly scheduled downtown activities, such as the Downtown Downers Grove Market and other special events. The majority of their work includes domestic and wild animal response, debris clean-up, water turn-ons, and support of downtown activities. A review of their activity history indicates that the majority of the activity occurs earlier in the day. The budget calls for the elimination of the 3:30pm to midnight shift on Saturday and Sunday. This would reduce General Fund expenses by approximately \$28,000. Service would continue to be provided on both days from 7:00 am to 3:30 pm with one part time position. Staff will continue to review and fine-tune the schedule so that we address as many needs as possible.

Director of Counseling & Social Services, 1.15 FTE Part Time Counselors and One Part Time Unpaid Counselor Intern: The Counseling and Social Services Department consists of 3.9 FTE positions. The primary functions of this department are to provide counseling services to Village residents and non-residents, to operate the Prentiss Creek resource center and to administer other service programs. These services were identified as secondary services during the long range financial planning process. The FY10 budget calls for the elimination of counseling services and would reduce General Fund expenses by \$197,000. Since the counseling program generates revenue, the elimination of the program would also decrease General Fund revenues by approximately \$39,000. The net impact of this service reduction would be \$158,000. The resource center and its staff would continue to operate under the supervision of the Police Department and Manager's Office. Please see the attached report for additional information.

Two Police Officers: The Police Department consists of 120.60 FTE positions. The FY10 budget calls for the elimination of six FTE positions (1 VOC Operator, 1 Records Specialist, 2 Community Service Officers and 2 Police Officers). The elimination of the VOC Operator, Records Specialist and CSO's are not expected to significantly affect service levels. The elimination of the two Police Officer positions may impact service levels, though staff is working to identify operating efficiencies in the duties performed by Police Officers. The adopted FY10 budget calls for modifications related to the elimination of two Police Officers including the suspension of the Village's involvement in the DARE program. The elimination of two Police Officer positions will reduce General Fund expenses by \$130,000.

Suspension of 2010 Heritage Festival – For the past 28 years the Village has hosted Heritage Festival. This event was classified as a secondary Village service during the Long Range Financial Planning process. The adopted FY10 budget calls for the suspension of Heritage Festival in 2010. The suspension of the 2010 Heritage Festival will result in \$494,000 of expense reductions for the Village. The Village Council has requested that the Community Events Commission and staff prepare a report and recommendation for the operation of Village community events for 2011 and beyond. The Council directed that there should be no net cost to the Village for the operation of events in the future. The report and recommendation should be ready for Village Council consideration in summer 2010.

Elimination of the Ice Sculpture Festival – The annual Ice Sculpture Festival hosted each February costs the Village approximately \$23,000, excluding the additional costs associated with operating the event as the National Ice Carving Association Championship. This event was classified as a secondary Village service during the Long Range Financial Planning process. The adopted FY10 budget calls for the elimination of this event and would reduce General Fund expenses by \$23,000.

Elimination of the Pro Criterion Bike Race – The annual Pro Criterion Bike Race costs the Village approximately \$37,000 each year. This event was classified as a secondary Village Service during the Long Range Financial Planning process. The adopted FY10 budget calls for the elimination of this event and would reduce General Fund expenses by \$37,000.

Modification to 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.
- Place an expiration date on the coupons. Currently, the coupons do not expire and can be redeemed at any time. Coupons purchased prior to January 1, 2010 can be redeemed until June 30, 2010. Coupons purchased after January 1, 2010 must be redeemed by January 1, 2011.

Please see the attached report for additional information.

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).

Elimination of the DuPage Senior Citizen Grant – For the past several years, the Village has provided grant funding to the DuPage County Senior Citizen Council. In FY08 and FY09 the Village provided grants in the amount \$39,000 in each year. This program was classified as a secondary Village service during the long range financial planning process. The adopted FY10 budget calls for the elimination of this grant and would reduce General Fund expenses by approximately \$39,000.

FY10 General Fund Department Expenses

As noted above, General Fund expenses have been reduced by approximately \$1,272,000 compared to FY09 budgeted expenses. The amount of expense reductions varies by department and is intended to reflect the prioritization of Village services as discussed by the Village Council during the long range financial planning process. Expenses in three departments are budgeted to increase (Police, Fire and the Clerk's Office) while expenses in all other departments are budgeted to decrease (see table 6 below).

Table 6
General Fund Expenses by Department, FY09 and FY10

Department	FY09 Budget	FY 10 Budget	Difference	Percent Change
Community Events	\$889,470	\$142,043	(\$747,427)	-84.03%
Counseling & Social Services	\$270,266	\$48,719	(\$221,547)	-81.97%
Human Resources	\$253,268	\$158,822	(\$94,446)	-37.29%
Village Manager's Office	\$537,106	\$345,009	(\$192,097)	-35.77%
Other	\$1,522,110	\$1,310,478	(\$211,632)	-13.90%
Finance	\$1,088,738	\$961,179	(\$127,559)	-11.72%
Community Development	\$1,901,443	\$1,696,612	(\$204,831)	-10.77%
Building Services	\$671,529	\$607,011	(\$64,518)	-9.61%
Public Works	\$6,163,229	\$5,702,991	(\$460,238)	-7.47%
Communications	\$511,546	\$485,194	(\$26,352)	-5.15%
Information Services	\$929,144	\$887,485	(\$41,659)	-4.48%
Legal	\$527,070	\$526,330	(\$740)	-0.14%
Clerk's Office	\$310,241	\$316,420	\$6,179	1.99%
Police	\$13,730,562	\$14,119,689	\$389,127	2.83%
Fire	\$12,256,474	\$12,981,672	\$725,198	5.92%
Total	\$41,562,196	\$40,289,655	(\$1,272,540)	-3.06%

FY10 General Fund Revenue Enhancements

Pursuant to the recommendations of the LRFP 2010 action plan, the adopted budget includes revenue enhancements of approximately \$1.5 million. Two specific revenue enhancements are included; a \$500,000 increase in the real estate tax levy for General Fund operating expenses and a quarter cent increase to the Village's Home Rule sales tax rate.

Real Estate Tax Levy Increase – The adopted budget includes a \$500,000 increase in the real estate tax levy to be used for General Fund operations. All of the real estate tax levy for General Fund operations including the \$500,000 increase will be used for the provision of core police, fire and emergency services. The real estate tax levy for General Fund operations is \$6,162,347 (shown as Corporate and Fire Protection line items in the tax levy table). The cost of providing core police, fire and emergency services in FY10 is budgeted at \$27 million. The revenue collected from the real estate tax levy would cover only 22.8% of the cost of these core services. The \$500,000 increase in the real estate tax levy for core services would add approximately \$20 to the annual property tax bill for a property with a market value of \$300,000 and a resulting taxable value (Equalized Assessed Valuation) of \$100,000. There are additional components to the Village's real estate tax levy detailed in the Real Estate Tax Levy section of this message.

Home Rule Sales Tax Rate Increase – The LRFP 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 require Village Council approval in early 2010 and 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%.

Real Estate Tax Levy

While the total municipal budget relies on a number of sources of revenue, the property tax levy continues to be a focus of judging the fiscal health of a community. Property taxes account for about 25% of the General Fund budget.

The Village's real estate tax levy is comprised of six components. Each of the components is used to support specific services provided by the Village. Table 7 summarizes the real estate tax levy for FY09.

Table 7
Village Real Estate Tax Levy, FY09 & FY10

Levy Component	FY09	FY10	Change
Corporate Levy	\$2,812,347	\$3,312,347	\$500,000
Fire Protection	\$2,850,000	\$2,850,000	\$0
Fire Pension	\$1,578,223	\$1,979,952	\$401,729
Police Pension	\$1,262,129	\$1,705,508	\$443,379
Stormwater	\$2,630,139	\$2,630,139	\$0
Debt Service After Abatements	\$0	\$0	\$0
Total	\$11,132,838	\$12,477,946	\$1,345,108

The total real estate tax levy is to increase by approximately 12.08% in FY10. The change is driven by the substantial increase in the Fire and Police Pension levies, and the planned increase in the corporate levy for general fund operations. There are no increases in the levy for debt service or for stormwater.

Based on conversations with the township assessor's office, the total Equalized Assessed Valuation of all taxable property located within the Village limits is expected to remain flat at \$2.55 billion. The application of the Village's levy to the total taxable value of property results in an increase of the Village's tax rate from .4423 in 2009 to an estimated .4898 in 2010. Table 8 below shows how the Village's levy would affect a residential property with a market value of \$300,000. It is important to note that the Village portion of the tax bill is generally about 10% of the total tax bill.

Table 8
Village Tax Levy on a \$300,000 Residential Property

	FY09	FY10
Equalized Assessed Value	\$100,000	\$100,000
Village Tax Rate	.4423	.4898
Village Tax Amount	\$442.30	\$489.80

Infrastructure Investment

The FY10 budget calls for the continued investment in Village infrastructure including key components such as streets, sidewalks, stormwater and the water system. Dedicated revenue sources have been identified to fund the infrastructure investment. Major dedicated revenue sources include Home Rule sales tax, property tax, Motor Fuel Tax, and telecommunications tax. The investment in infrastructure is consistent with the dedicated funding sources.

Pursuant to the LRF recommendation, the budget shows a bond issuance in 2012. The proceeds from the issuance would be used to pay for the high priority infrastructure improvements. These high priority projects are expected to be spread among the Capital, Water and Stormwater Funds. While the exact amount of the bond issuance and the distribution of the bond proceeds among the various funds cannot be determined until the bond is issued, the budget shows a \$30 million bond issue in 2012 with \$12.5 million in the Capital Fund, \$12.5 million in the Stormwater Fund and \$5 million in the Water Fund.

Elimination of the Annual Operating Deficit for the Transportation Fund

The Transportation Fund funds the operation of the Village's Grove Commuter Shuttle bus service. Over the past several years, this fund has operated with an annual deficit. In 2007, the Village entered into an agreement with PACE to replace the bus fleet with new more fuel efficient buses that cost less to operate and maintain. These buses have been in service since 2008. The full financial benefit of operating the new buses appears in the FY10 budget. Operating and maintenance costs will be dramatically reduced. Further, the FY10 budget includes the elimination of the full-time Transportation Coordinator position. The combination of the reduced operating and maintenance expenses and the elimination one full-time position should result in the elimination of the annual operating deficit. The budget includes a \$22,000 operating surplus in 2010. Staff will continue to work with PACE in the coming years to amend the intergovernmental agreement to increase the funding provided by PACE and to allow the Transportation Fund to operate without an annual deficit for the foreseeable future.

Strategic Plan Action Items 2010

The FY10 budget was prepared considering the recently discussed Strategic Plan. The incorporation of the Strategic Plan and the LRF allows the Village to make more strategic annual budgeting decisions in line with the long term goals.

The Strategic Plan, which includes specific goals to be achieved in 2010, was discussed by the Village Council during the financial planning process and will be considered by the Council in conjunction with the consideration of the FY10 budget. The budget includes funding for each of the action items identified in the Strategic Plan.

**Table 9
Funding for 2010 Strategic Plan Action Items**

Goal	Funding Source & Notes
TCD III Implementation	This project will be completed by staff. Funding is provided in the General Fund.
Partnership with Darien-Woodridge Fire Protection District	This project will be completed by staff. Funding is provided in the General Fund.
Prepare for Stormwater Utility Creation	This project will be completed by staff. Funding is provided in the General Fund and Stormwater Fund.
Analyze & Consider Annexations within Planning Boundary	This project will be completed by staff. Funding is provided in the General Fund.
Update Fees for Services	This project will be completed by staff and a consultant. Funding is provided in the General Fund. \$30,000 is provided in the Water Fund for a fee study.
Update Reserve Policy	This project will be completed by staff. Funding is provided in the General Fund.
Improve Risk Management	This project will be completed by staff. Funding is provided in the General Fund and Risk Fund.
Implement Environmental Sustainability Best Practices Report Recommendations	This project will be completed by staff. Funding is provided in the General Fund.
Implement Economic Development Plan	This project will be completed by staff and EDC staff. Funding is provided in the General Fund and the EDC budget.
Customer Service Enhancement & Performance Measurement	This project will be completed by staff. Funding is provided in the General Fund.
CIP Project Outreach Implementation	This project will be completed by staff. Funding is provided in the General Fund and Capital Fund.
Complete Comprehensive Plan	\$100,500 is provided in the General Fund, Ogden TIF Fund and Downtown TIF Fund for contractual services.

Conclusion

The FY10 budget is attached. The four primary goals (reduce General Fund expenses and enhance revenues pursuant to the LRFPP recommendations, continue to invest in needed infrastructure improvements using funds from dedicated funding sources, eliminate the annual operating deficit in the Transportation Fund and provide funding for the implementation of the 2010 Strategic Plan Action Items) can be addressed with the adoption and implementation of the budget. The budget includes:

- Reduction of General Fund expenses by \$1,272,540 compared to FY09 budgeted expenses consisting of a decrease of \$1,266,988 in non-personnel expenses offset by an increase of \$5,552 in personnel expenses.
- Reduction of General Fund revenues by \$2,129,529 compared to FY09 budgeted revenues.

- Increase in the real estate tax levy of \$1,345,108 comprised of increase in the corporate levy of \$500,000 and an increase in the police and fire pension levies of \$845,108.
- Increase in the Home Rule Sales Tax rate from .75% to 1.0% to generate an additional \$1.0 million of revenue in a six-month period (July 1 to December 31).
- Elimination of 25.65 FTE positions.
- Elimination of the annual operating deficit in the Transportation Fund
- Funding for the 2010 Strategic Plan action agenda items.
- Incorporation of the Long Range Financial Plan recommendations.

As a result, the Village is positioned for a successful FY10 and continued financial health in the coming years.

Attachments

- Long Range Financial Plan Summary Presentation
- Village of Downers Grove Fleet Report
- Health Insurance FY10 Budget Report
- Counseling and Social Services FY10 Budget Report
- Downers Grove Police Department Budget Reduction Options
- Community Events FY10 Budget Report
- Taxi Subsidy Program FY10 Budget Report
- Commuter Shuttle Report