

Long Range Financial Planning Discussion Questions
June 29, 2010

Responses from Commissioners Barnett and Beckman

Commissioners Barnett and Beckman were unable to attend the meeting, which was recorded as a podcast. Their written responses to the discussion questions at the meeting are provided..

What aspects of the LRFPP do you support?

Barnett: None, because as I indicated last year, I'd like to see a more significant shift in the percentage of the total operating budget that is funded by property tax - increased not as a function of reduced operating expenses but rather as a intentional shift in philosophy. The most current LRFPP makes no major progress toward that end. Additionally, I would like to stick with the plan as it relates to beginning to replenish the reserve fund in 2011.

Beckman: All aspects of the current plan are supported.

What aspects of the LRFPP would you change?

Barnett: The plan for the property tax levy and the mix of other revenue sources should be changed.

Beckman: I would consider changing the plan for the use of revenue sources other than the property tax levy. I would also consider re-examining the services provided by the Village including meals on wheels and other services that were affected by the FY10 budget.

How would change it?

Barnett: Increase the property tax levy for operations. Decrease or eliminate the utility tax rates and shift this amount on to the property tax levy. Increase the home rule sales tax rate to the point that it does not negatively impact sales within the Village. I do not support a Food & Beverage tax. I'd like to investigate a license fee associated with subcontractors. I'd like to investigate whether utility taxes can be charged differently based on customer (ie. residential service vs. commercial service).

Beckman: Explore a food and beverage tax to support the Economic Development Corporation. The food and beverage tax should be set at a level that does not negatively impact restaurants and the local economy. Explore increases to revenue sources such as

utility taxes as a way of supporting the desired Village services. Make sure that adequate reserves are maintained.

Why?

Barnett: The cost of operating the Village's core services will continue to increase. Property taxes are the most stable, predictable and reliable and can be adjusted to keep pace with the cost of providing Village core services. Changing demographics, technology and market forces affect other sources of revenue such as utility taxes. They have declining bases and are unpredictable. Generally speaking, properties with a higher assessed value demand higher levels of service from the Village as properties with low assessed value demand lower levels of Village services (example – High rise office building versus a vacant lot). The property tax is a good way of matching demand for Village services to the amount paid to the Village for these services. Food and beverage tax would be a new tax with substantial amounts of Village administrative costs.

Beckman: The EDC is important to the long term financial health of the Village. The EDC attracts and retains the businesses desired by the community. The EDC should have a more diversified revenue source – relying only on Hotel Tax revenues is negatively impacting the EDC. Residents choose to live in DG because of the services, events and programs it offers. They do not choose to live in DG based on the property tax rate. Providing the desired mix of services, events and programs is important. During these economic times, there may be opportunities that would improve the Village over the long term. Reserves should be available to pay for these opportunities even in poor economic times.