

**MINUTES OF LONG RANGE PLANNING  
VILLAGE COUNCIL MEETING  
VILLAGE OF DOWNERS GROVE**

**June 18, 2013**

Mayor Martin Tully called the meeting to order at 8:00 p.m. in the Committee Room and welcomed everyone to the first long range planning meeting. He then called upon Village Manager Dave Fieldman to begin the discussion of the Long Range Plan (the “Plan”).

Council Members Present: Mayor Martin Tully; Commissioners Sean P. Durkin, Geoff Neustadt, Bob Barnett, Becky Rheintgen, David S. Olsen, Greg José

Staff Present: Dave Fieldman, Village Manager; Mike Baker, Deputy Village Manager; Enza Petrarca, Village Attorney; Judy Buttny, Finance Director; Nan Newlon, Public Works Director; Andy Sikich, Assistant Director, Public Works; Allison Deitch, Management Analyst; Doug Kozlowski, Communications Director; Nick Santoro Management Fellow; April Holden, Village Clerk

Village Manager Dave Fieldman said this is the first of three scheduled meetings. On July 23, the Council will discuss high priority action items and continue discussion on facilities. At the final meeting, on August 20, 2013, a draft of the long range plan will be reviewed. Tonight, the focus is on key issues, and strategies and solutions. This year, discussion on “strategic” and “financial” planning will be combined, as they closely relate to one another. He indicated that there were great successes which have been outlined on the documents on the Village’s website.

Mr. Fieldman said staff has identified three issues currently facing the Village that may have a significant impact on the Village's future. All three of these issues have been identified and discussed in previous long-range financial plan efforts:

- Potential Reduction in State Shared Revenues
- Infrastructure Maintenance Funding Gap
- Village Facilities Sustainability Plan

The Manager pointed out that the Village has been in on-going discussions over the years recognizing the necessity to put plans in place that will address these issues as they become more critical. He noted that the Council has received summaries of each of the three issues.

## **State Shared Revenues**

The Manager asked Judy Buttny, Finance Director, to discuss the State shared revenue issue.

Judy Buttny, Finance Director, provided some general background on the issue of State shared revenue. She said that as long as the State is in crisis, the State shared revenues are at risk. The State borrows money from municipalities interest free and without our permission. In his last budget address, Governor Quinn called for capping municipalities' 2012 revenue. Income tax represents approximately ten percent of general fund revenues, or \$4.2 million. Sales tax generated \$10.8 million in 2012. Ms. Buttny said the Village has done a very good job of positioning itself to respond to any declines in State revenue by increasing the balance in the General Fund and eliminating the operating deficit in the Transportation Fund. The General Fund balance is \$19.2 million. This allows us time to respond to any potential changes in reductions in State shared revenues. The proposed solution to this issue is to maintain fund balances at higher than required levels.

Mayor Tully agreed that this is a very significant issue and that it is important to spend time making sure all revenue sources are robust. He said economic development is a huge part of revenue and noted the importance of staying competitive with our neighbors.

Commissioner Neustadt commented that the Village is not reactionary any more; we have protected ourselves.

Commissioner Durkin asked if the potential reduction is in sales and income tax.

Mr. Fieldman said the primary concern is income tax; however, staff is starting to hear about sales tax revenue as well.

Commissioner Durkin noted that, while this is a huge issue, it is not new. The DuPage Mayors and Managers Conference (DMMC) lobbied in support of the municipalities. The Village is doing the right things. He asked how long the reserves would be maintained at this level if not needed, and how the Village would rebate these funds back.

Mr. Fieldman said it is necessary to position ourselves well, but not to tie up money unnecessarily. As the risk diminishes, the money will be shifted to other top priorities, e.g., facilities.

Commissioner Olsen said he cannot imagine that the Village would want to reduce the fund balances in 2013-2015 based on the status of the State. Mr. Fieldman concurred. This will require constant monitoring of the situation.

Commissioner Olsen asked if the sales tax figure includes Home Rule sales tax. Mr. Fieldman said it does not.

Mayor Tully noted that the Village is in good shape. He said we should talk about more permanent solutions now as we are not in crisis mode.

Commissioner José said we should not have to speculate about what Springfield may do as we have strategies in place and we should deal in facts.

Commissioner Barnett said that our lean efforts have put us in a strong position to handle whatever happens.

Commissioner Neustadt said our process allows us to be flexible. He noted that we should continue to work with the General Assembly.

The Mayor said that, while we are robust with respect to economic development, it is not a cure-all. He asked as to ways to leverage the extra funds to do some projects, but still have the money if we need it.

Ms. Buttny said we could loan it to another fund. In addition, the Manager said they could explore partnerships with other government agencies based on needs.

Commissioner Durkin urged the Council and staff to continue to be transparent with respect to how we are using the excess cash in the General Fund.

Commissioner Barnett asked about sales tax dollars. Mr. Fieldman said it is a diminishing revenue source.

Commissioner Barnett said he feels there is a lot of risk in the revenue sources as one-half of the revenue chart is essentially flat.

Commissioner Durkin spoke of the effect of on-line sales tax.

Commissioner Olsen said he feels it is important to maintain the General Fund and to be sure those funds are available.

The Mayor asked how the range for reserves is determined.

Ms. Buttny said the cash fund policy is to have a cash balance of two to four months of annual operating expenses in the General Fund. Staff has extrapolated that to be 40% of General Fund expenses.

Commissioner Durkin noted that this has a direct correlation to our bond rating.

Commissioner Rheintgen said that the legislators are running out of choices. It is a good plan to have a safety net.

Tom LeCren asked how long the reserves would last if the Village lost both sales and income tax revenue. He said people need to know the worst case scenario.

Mr. Fieldman said in a worst case scenario, the money would only last 30 days.

Ms. Buttny said the State is only running a month behind in payments at this time. It is typical for the State to be two to three months behind.

### **Infrastructure Maintenance Funding Gap**

The Manager asked Nan Newlon, Director, Public Works, to discuss the infrastructure maintenance funding gap issue.

Ms. Newlon said the annual infrastructure maintenance funding gap is approximately \$1.2 million. The Village has taken steps to address this issue since 2009 when the gap was \$2.9 million. Those actions include creating the stormwater utility, shifting local gasoline tax revenue to pay for street maintenance expenses, and capturing savings from debt service payments.

At the same time, the Village has enhanced the street maintenance program. She described street conditions in 2010 and 2012. In 2010, 78% of the streets were in maintainable condition. In 2012, 84% were in maintainable condition. Staff projects that by 2015, 99% of the streets will be in maintainable condition. In order to keep the streets at this level, staff will need an additional \$1.2 million in annual funding. The strategy is to continue to reduce the costs of projects through economies of scale, to partner with other governments, and to use revenue from retirement of debt to fund the infrastructure maintenance gap.

Mr. Fieldman suggested making a choice now with respect to planning and life cycle of streets. He suggested using existing revenue sources from bonding and applying it to streets

The Mayor noted that sometimes making an investment up front is the leanest option.

Mr. Fieldman said the revenue sources need to keep up with the cost of maintaining the streets. The revenue sources must be aligned.

The Mayor said we must be transparent here as well so residents can see how those funds are being directed.

Commissioner Durkin noted that bundled projects have a history of economies of scale.

Commissioner Neustadt said we hear about street conditions from residents all the time. He said this is the time to commit to this. It will set up commitment for the future.

The Manager commented that there might come a time when the Village will be partnering with adjacent or non-adjacent communities for better costs on roadways, sidewalks and other public works projects.

Commissioner Olsen asked about working with adjacent unincorporated areas. Mr. Fieldman said staff could explore those areas, but noted that it is efficient to work through annexations.

Commissioner Barnett discussed maintenance vs. doing better and increasing minimum standards. He is not sure we are providing the level of service people expect. It may be necessary to review the standards.

Commissioner Barnett said we should make a commitment not to fall behind again. It would be necessary to look at all sources of revenue, but, if those fail, it is a commitment to raise property taxes in order not to fall behind again.

The Mayor said it is more palatable to consider raising taxes when there is a well-thought out plan and target.

Dr. Gordon Goodman said he is concerned about the revenue stream that supports streets, since it comes in part from the State and gas tax revenues.

Ms. Newlon said there is concern about the gasoline tax revenue keeping up.

Dr. Goodman asked what percent of street funds come from the General Fund. The country has tremendous infrastructure needs and in the future there will be competition for these funds. He asked about projecting revenue streams and their stability. He said things may look considerably different in 2040.

Mayor Tully suggested looking back 10-20 years.

Mike Baker, Deputy Village Manager, said the revenue sources that support roadway maintenance in order of magnitude are sales tax, motor fuel and property tax.

In response to Mayor Tully, Ms. Newlon addressed the STP program. STP is a reimbursement grant. The Village must apply for the funds and meet specific criteria in order to obtain the grants.

## **Village Facility Sustainability Plan**

The Manager asked Mike Baker, Deputy Village Manager, to discuss the Village facility sustainability plan.

Mr. Baker said the Village owns and operates seven major buildings. In 2012, the Village completed a facility condition assessment to determine the condition of each facility and future improvements. Plans are to use existing revenues to maintain Fire Station #2, the Public Works Facility as well as Fire Stations #1, 3, and 5. These facilities are determined to be in fair to excellent condition. The Police Station and Village Hall are in below average condition. Strategies for these facilities range from renovation to new construction. Solutions include pursuing partnerships with other government agencies, using existing resources to pay for improvements, or pursuing alternative revenues. The decisions are a process of community decision-making. A specific action plan will be developed to explore the range of options and identify the preferred option and funding strategy. The process is one that involves a lot of additional information gathering, and bringing them to a public forum in the early part of 2014. Meetings with the Finance & Administrative Committee will also be held.

Commissioner Neustadt asked about the fleet garage. Mr. Fieldman said there may be an opportunity to partner with others here.

Commissioner Neustadt then asked about the property the Village leases near the Sanitary District. This might be an opportunity for a center point for public services.

Mayor Tully said this is the single biggest opportunity for collaboration, cooperation and consolidation. There is no reason not to partner with others as we are dealing with shared constituents. These conversations are happening all over the country. There are many opportunities for consolidation. We need to identify opportunities and we need to be robust in pursuing opportunities and solutions for the mutual benefit of our shared constituencies.

Commissioner Neustadt said that looking at the school district, sanitary district, village offices, etc., you are basically looking at office spaces. There are discussions taking place by these governmental bodies. He thinks that the Village needs to be a lead agency in this conversation.

Commissioner Durkin said we should take advantage of available money.

Mayor Tully discussed the need for community education and awareness.

Commissioner Olsen said it will be extremely important to educate the community. He said he disagrees with the use of Ogden Avenue TIF funds for a public facility.

Commissioner José asked as to the seriousness of the naming rights solution/strategy.

Commissioner Barnett said the point of lean is to work backward from the value you need to deliver without any constraints. We do not know what solutions might come out of this. The main point is to pursue partnerships and start with a blank sheet of paper.

The Mayor spoke of the need to be creative and open minded.

Commissioner Barnett said his impression is that it would be bad policy not to have a solution to this. He said he probably would not support renovation unless all other opportunities have been exhausted.

Commissioner Olsen commented that it is important to thoroughly explore all options including renovation. He said the reaction of many people will be negative. We need to explore the full spectrum of possibilities.

In response to Commissioner Rheintgen, Mr. Fieldman said the cost range for renovations was in the millions of dollars to replace what currently exists. If we do this correctly, we will get community support.

Commissioner Barnett said it is important to define the differences between water towers, parking deck, and other facilities. We need to educate and inform people about all the Village facilities.

Bill Waldack said that a missing element is looking at trends and demographics. He asked about the cost of living in the Village and what the population will look like going forward.

Mayor Tully spoke of the need to look at this from the community value perspective. He agreed it is important to be mindful of demographics. With respect to infrastructure issues, he spoke of the need to consider infrastructure goals that support economic development initiatives.

Dr. Goodman spoke of doing things to attract people to the Village. In terms of facilities, he suggested thinking about a performing arts center and amenities for the community vs. just operational facilities for business needs. Building something attractive in the community will encourage someone to fund it and attract a wider range of people.

The Mayor spoke of competition with Chicago and making your community a place where people want to live. The performing arts center study is still on the shelf. Regional discussion is really key, because as a County they will have to find what attracts out of state and out of country people to Chicago in order for DuPage County to successfully compete with the City,

Mr. LeCren said it is important to be sensitive to how a community uses its municipal buildings.

He likes it that the Village Hall is in the downtown area. How people get to their municipal buildings should be considered.

Mr. LeCren asked where long-term debt falls into long-range planning. Mr. Fieldman said there are not a lot of changes to the moderate debt level plan, but long-term debt is part of the long-range plan.

There being no further discussion, Mayor Tully adjourned the meeting at 9:45 p.m. The next meeting will be held on July 23, 2013.