

# COUNCIL QUESTIONS

12/1/2020

## Proposed FY21 Budget Council Questions

The following two questions were submitted by resident Mike Smetana, who spoke at the November 10 Village Council meeting:

*1. Based on the 2020 year in review, over the next 20 years, the pension payments required to get to state required funding will increase by \$11,750,000. I think you mentioned last week that a decision was made that these would be funded through property tax increases - can you confirm that the Village will be adding almost \$12 million to the property tax bills over the next 20 years so the pension fund meets the funding requirements?*

As part of last year's long range planning efforts, the actuary retained by the Police and Fire Pension Boards prepared projections of future required contributions based on a set of actuarial assumptions and the requirements of the State of Illinois for funding police and fire pensions. The projections reflect the anticipated Village contributions for the public safety pension funds over a 20 year period. While the actual annual contributions will vary, the projections serve as a useful planning tool. Actual annual contributions are likely to be similar to the figures in the projections.

The actual property tax levy amount for the public safety pensions is adopted annually by the Village Council based on the annual required contribution as determined by the actuary and approved by the Police and Fire Pension Boards. The Long Range Plan includes a recommendation to levy property taxes to pay for the contributions.

*2. Did the Village grant merit increases for 2020 and does the budget include wage increases for 2021? If so, can you share the budgeted amount?*

Adjustments to compensation were provided in 2020 and are budgeted in 2021. The total amount included in the FY21 Budget is approximately \$548,000. Most of the adjustments are provided pursuant to the terms of collective bargaining agreements.

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*The following budget-related questions and answers were previously published.*

### Personnel Expenses

*Personnel expenses are budgeted to go up by \$1,911,588 or, 5.15%. Of that, my understanding is that \$1.16M is for pensions leaving approximately \$800k for non-pension payroll expense increases. Of that \$800k, how much is non-contracted increasing (% and \$\$)? What I'm looking for is percent*

*increases in non-pension, direct compensation for a.) public safety, b.) PW and c.) others.*

General Fund increases for direct compensation are approximately \$521,000 for salary and \$313,000 for overtime.

Public Safety Salary Increase:	\$353,000 (2.7%)
Public Works Local 150 Salary Increase:	\$40,000 (2.2%)
All Other Departments Salary Increase:	\$101,000 (1.2%)

The FY21 budget for overtime expenses is comparable to previous years. Overtime costs decreased during the Stay at Home Order in early 2020.

*And, what is the breakdown of direct compensation vs. benefits cost increase(s)?*

*Or, are IMRF and other pension benefits included in the \$1.16M - is the \$800k all direct payroll?*

Public Safety Pension Contributions Increase	\$1,160,000
IMRF Pension Contribution Increase	\$ 142,000
Non-Pension Benefits Increase	(\$ 226,000)
Total Direct Compensation Increase	\$ 834,000

## **Trees**

*How does the 2021 proposed budgeted amount compare to years prior to 2020?*

2021 Budget	\$220,000
2020 Budget	\$170,000
2019 Budget	\$170,000

The 2021 budget was increased to make up for trees that were not planted in the spring of 2020 due to COVID-19. Generally, over the past few years tree planting budgets have decreased slightly on an annual basis as a result of the declining need for replacement trees resulting from the Emerald Ash Borer.

## **Local Taxes**

*Do we have any "room" statutorily to increase the local gasoline taxes?*

As a Home Rule municipality, the Village of Downers Grove can increase the local gasoline tax by 0.25% increments with no maximum limit. The current rate is 1.5 cents per gallon.

*Local Gasoline Tax, Hotel, F&B ... are we able to collect these electronically?*

There are some Food and Beverage taxpayers that wire or use Automatic Clearing House (ACH) for payments, the rest of taxpayers send in checks. All taxpayers for Hotel and Local Gasoline tax pay by check. Eden does not have a customer portal for the taxpayers to file returns and make online payments. This option will be implemented with the new ERP.

## **General Fund**

*Are the FY2022 and FY2023 projected fund balance declines (4-3) based on projected pension*

*contribution requirement increases?*

No, for FY2022 and FY2023 it is assumed that any increase in pension expense will be offset by the pension levy. The out years are budgeted using current expected trends without doing the in-depth analysis and implementing the cost cutting measures that were done in 2021.

*If there were another CARES Act distribution (either from the current DuPage balance or another Federal program), if it were in excess of \$1.5M to the VoDG, would the effect be to have avoided the use of Major Buildings Fund resources for COVID (at least through 2021)?*

Yes, if the Village were to receive another CARES Act distribution we would not have to use Major Buildings Fund resources in 2021.

## **PPRT**

*Is the only way of changing the basis for this revenue through incorporation or municipal merger?*

The answer to this question is available on the following State of Illinois website that describes this revenue source: <https://www2.illinois.gov/rev/localgovernments/Pages/replacement.aspx>

## **OPEB Trust Fund**

*Who's managing/modeling/projecting for this fund? Similarly to the pension estimates, what does the 10-year+ curve look like?*

The Village worked with PFM Asset Management LLC to develop an investment strategy and policy. Currently the OPEB dollars are invested in index funds, and the investments are executed by staff. At the end of the third quarter, the balance in the account was approximately \$950,000. When the portfolio grows to \$2.0 million, staff will prepare an RFP for an investment manager to manage these funds.

On the expense side, staff worked with the Village's actuary, Lauterbach & Amen, to prepare the funding policy. The current approach is to use a phase-in strategy with a fixed amount invested for the first few years, with funding the Actuarially Determined Contribution as the long-term goal. The initial contributions are \$300,000 per year. Staff will work with the actuary to determine the appropriate time to implement full funding. At that time the actuary will be able to do modeling and projecting for the Village.

## **Parking Fund**

*Beyond the debt service noted, what would be an example of an "Administrative Transfer"?*

This transfer is for administrative fees incurred in the General Fund. Examples are Police department costs for enforcement activities and Finance department costs for billing and collecting parking fees.

## **Capital Projects Fund**

*Do we have any expectations that we will, at some point, stop incurring Emerald Ash Borer costs?*

Yes, it is anticipated that the bulk of the EAB associated expenses (treatments, removal and replacements) should be completed by 2023.

### **Asset Forfeiture Fund**

*Have we (prior to 2019) paid any personnel expenses from this fund?*

No personnel expenses were paid out of the Asset Forfeiture Fund prior to 2019.

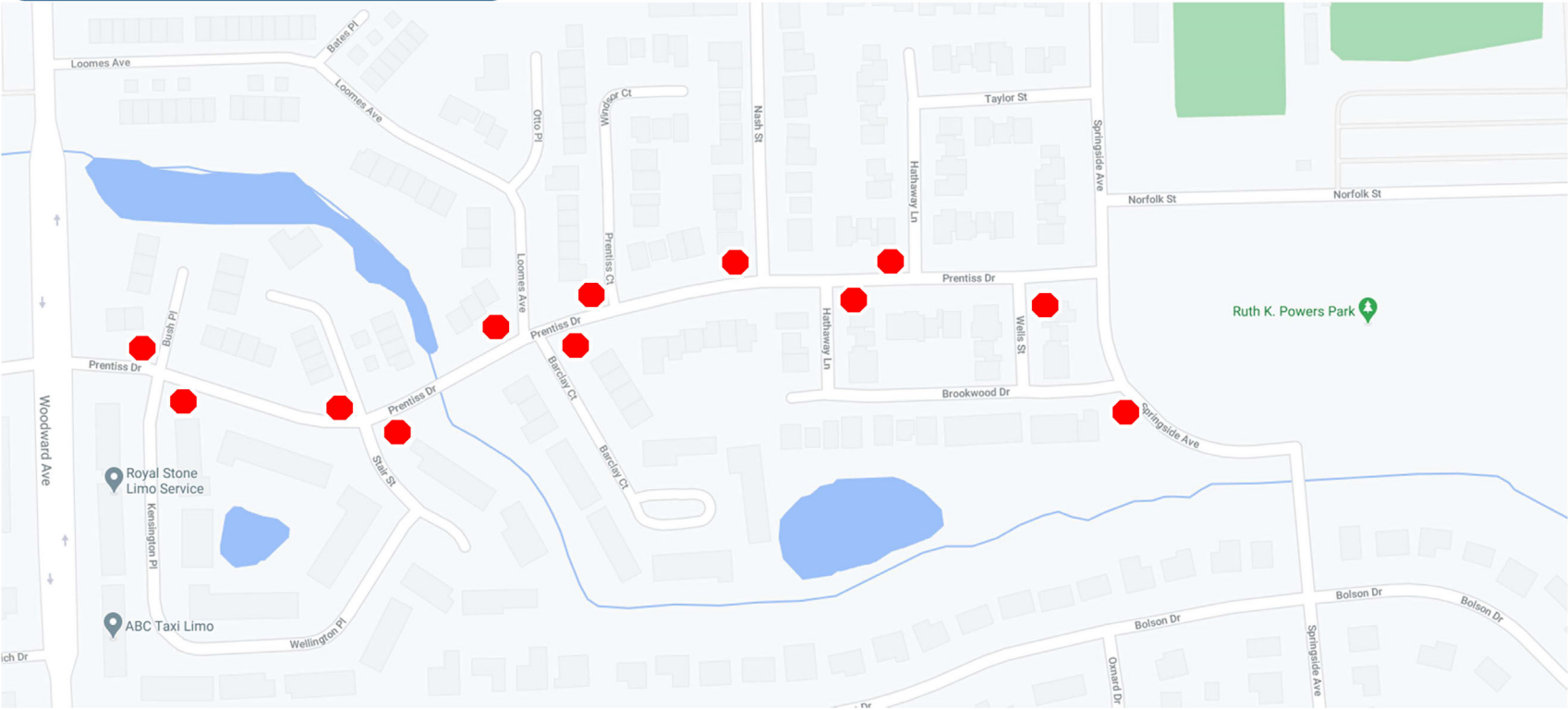
### **Attachments**

Staff Presentations for 11/17 Council Meeting

-Map of proposed intersection control; Prentiss Drive and Springside Avenue

-Tax Levy Presentation

# PROPOSED INTERSECTION CONTROL



# Village Council Meeting

November 17, 2020



VILLAGE  
of  
**DOWNERS  
GROVE**

Township  
**1.4%**

District 58  
**35.49%**

**9.92%**

College of  
DuPage  
**3.74%**

DuPage  
County  
**2.93%**



Sanitary District  
**0.70%**

DuPage Airport  
Authority  
**0.33%**

District 99  
**33.87%**

Park District  
**5.72%**

Library  
**3.70%**

Forest  
Preserve  
**2.20%**

# Village Property Tax Levy

Levy Component	2020 Levy (Paid in 2021)	2019 Levy (Paid in 2020)	Change	% Change
Fire Pension	\$4,785,434	\$4,014,795	\$770,639	19.2%
Police Pension	\$4,011,185	\$3,620,000	\$391,185	10.8%
Corporate	\$3,086,645	\$3,086,645	---	---
Fire Protection	\$2,935,500	\$2,935,000	---	---
Capital	\$971,524	\$971,524	---	---
<b>TOTAL</b>	<b>\$14,628,464</b>	<b>\$13,800,025</b>	<b>\$1,161,824</b>	<b>7.9%</b>



# Residential Property with \$350,000 market value

	FY21	FY20	Difference
<b>Village Tax Amount</b>	<b>\$705.45</b>	<b>\$653.80</b>	<b>\$51.65</b>



# Property Tax Levy Public Hearing

\$ 26,074,836 Total Levy

- 4,376,383 Abatements

- 5,553,474 Library Levy

- 354,691 Special Service Areas

**15,790,288 2019 Village Levy**

14,628,464 2018 Village Levy

1,161,824 Total increase (entirely supports required public safety pension contributions)



# Village Council Meeting

November 17, 2020

