

# *Village of Carol Stream*

## **SPECIAL WORKSHOP MEETING**

**March 16, 2015**

**6:00 PM**

**GREGORY J. BIELAWSKI MUNICIPAL CENTER**

**500 N. GARY AVENUE**

**CAROL STREAM, ILLINOIS 60188**

**LOWER LEVEL TRAINING ROOM**

### **AGENDA**

1. **CALL TO ORDER**
2. **ATTENDANCE**
3. **DISCUSSION ITEMS**
  - A. General Fund Impact of Proposed State Revenue Cuts
4. **OTHER BUSINESS**
5. **ADJOURNMENT**



*Village of Carol Stream*

**FY 15/16**

**Budget Workshop #5**

**General Fund Impact of  
Proposed State Revenue Cuts**

**March 16, 2015**



## Village of Carol Stream Proposed FY15/16 Budget Agenda

- Revisit General Fund Budget
  - Impact of Proposed State Revenue Reductions
  - Proposed Budget Cuts if Revenues Lost
  - Discussion of Additional Revenues
- TIF Funds
  - Geneva Crossing TIF
  - North / Schmale TIF
- Police Pension Fund



## Village of Carol Stream Proposed FY15/16 General Fund Budget

- February 18 Governor's Budget Address
  - Proposal to Cut Local Government Distributive Fund (LGDF) by 50% (per capita Income Tax Allocation – since 1969).
  - Cities and Villages (among others) to pay for the State's financial mismanagement.
  - Legislative Leaders predict overtime session on new State Budget.
  - It may be awhile before we know the level of pain we will be expected to shoulder.



## Village of Carol Stream Proposed FY15/16 General Fund Budget

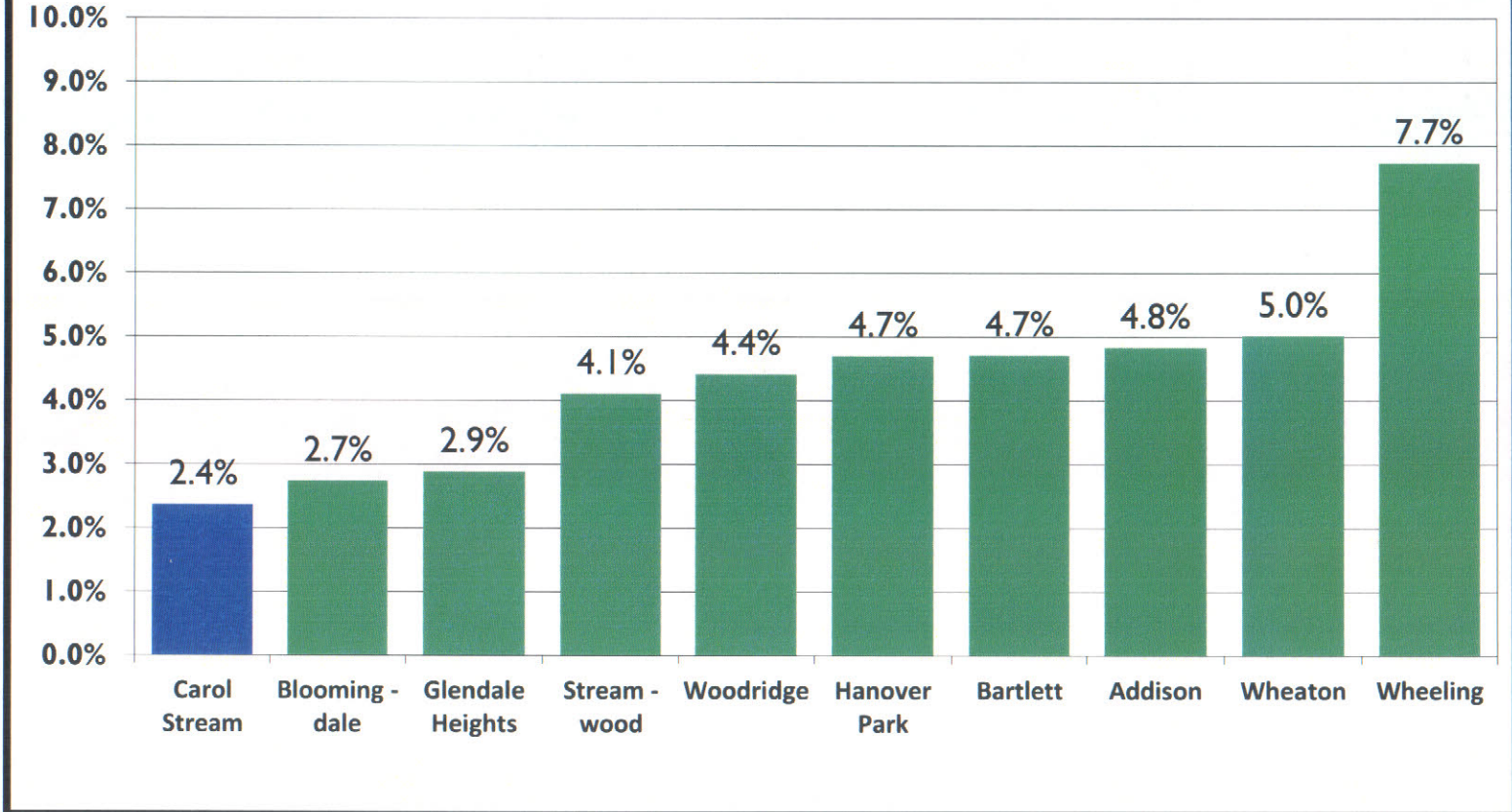
- What is the impact to Carol Stream?
- Proposed LGDF cuts will create a **\$1.9 million** hole in our General Fund Budget.
  - Equivalent to a 7.5% reduction in total revenues.
  - Erases all revenue recovery/growth sustained over the past 2+ years.
  - Department Heads tasked with identifying cuts needed to balance the budget under the current proposed scenario.
  - Can we afford additional cuts? Are these sustainable?



## Village of Carol Stream Proposed FY15/16 General Fund Budget

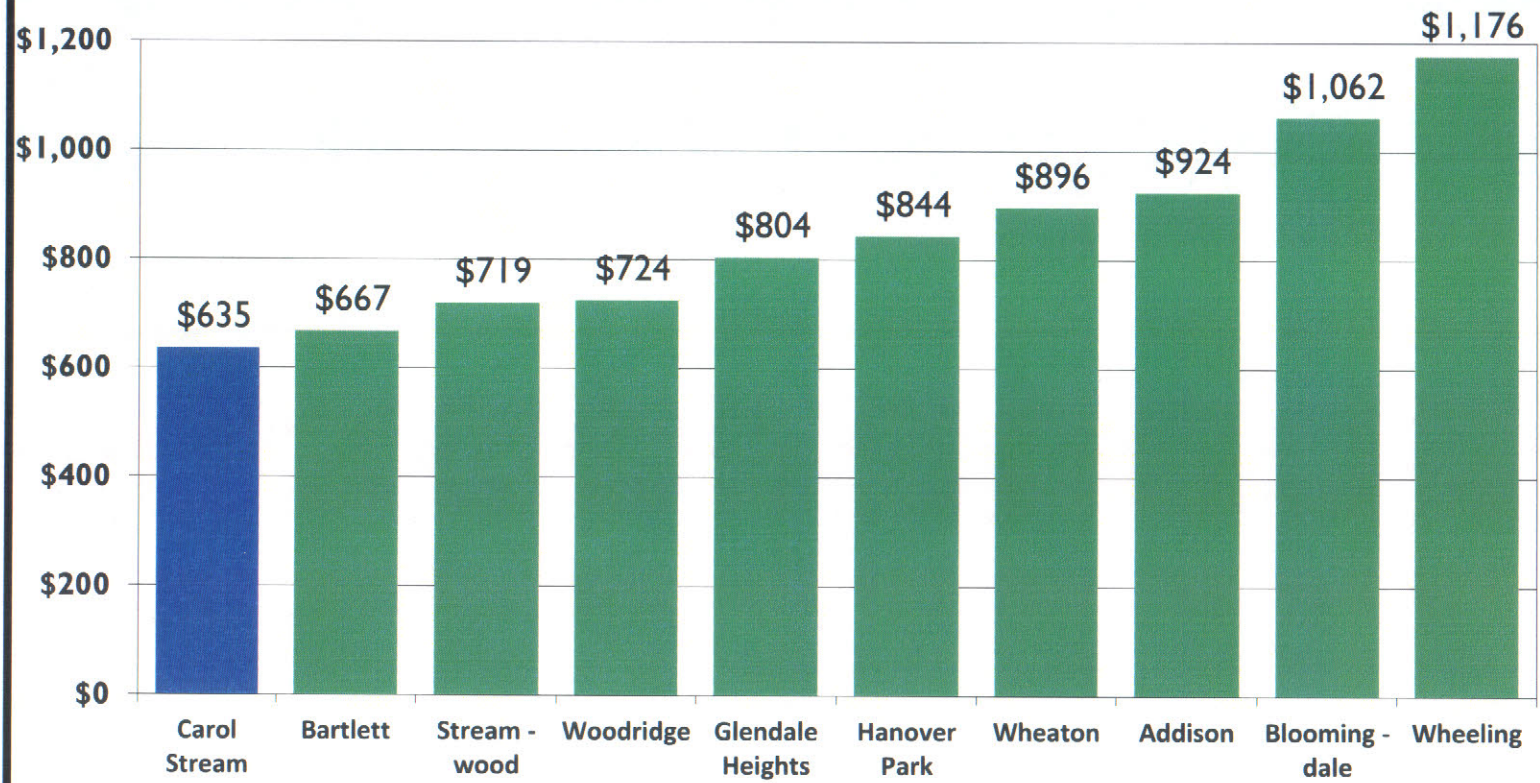
- Carol Stream has a history of responsible fiscal management and operates a lean organization.
  - No Property Tax
  - No General Obligation Debt
  - 2010 and 2013 Financial Profile and Peer Study
    - Lowest 10 year avg. revenue growth.
    - Lowest FY13 revenues generated per capita.
    - 3<sup>rd</sup> lowest of 10 in total spending per capita.
    - 3<sup>rd</sup> lowest of 10 in employees per capita.
  - Staffing remains 11.5% (20 positions) below prior to entering the Great Recession.

# Average Annual Revenue Growth FY2004 to FY2013



Source: Comprehensive Annual Financial Reports/Budgets  
All Government Funds.

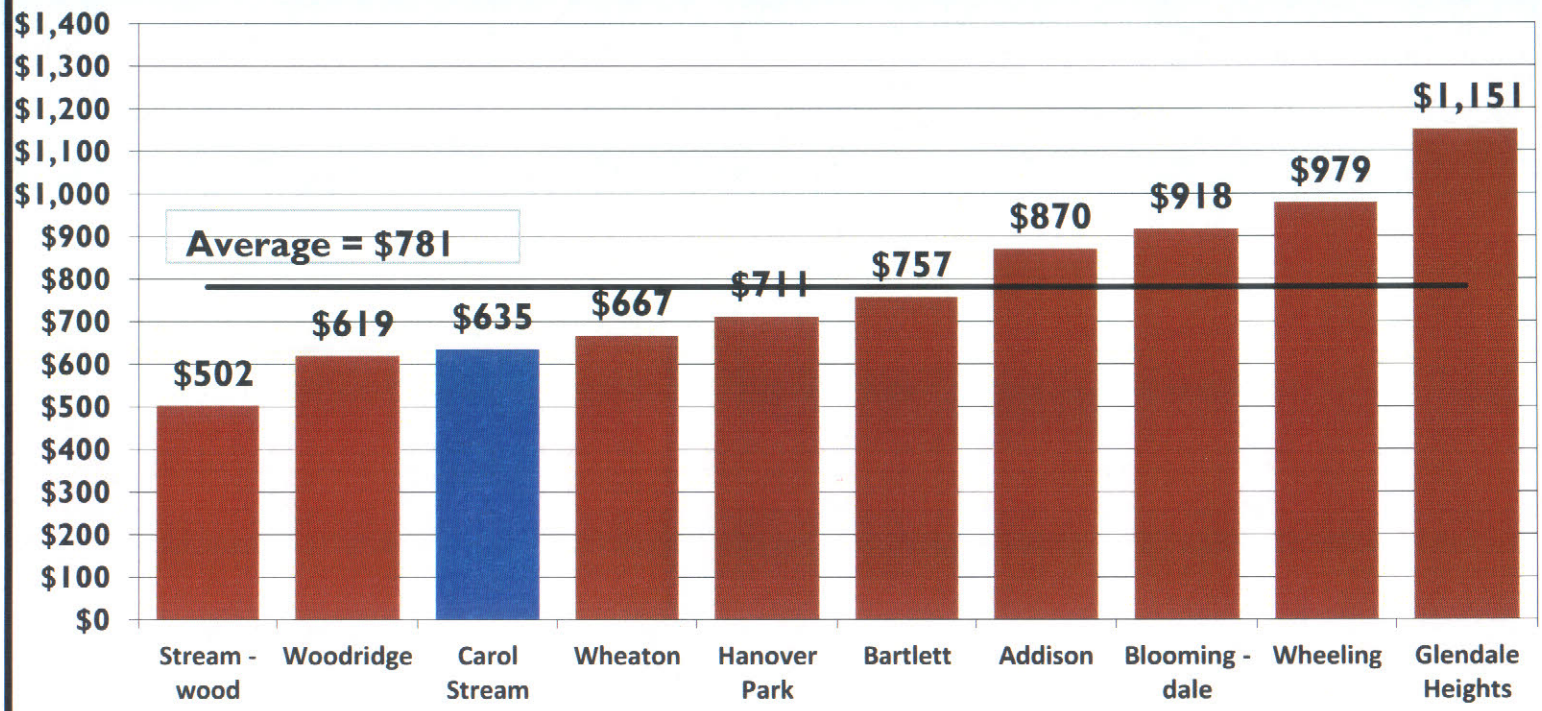
## Governmental Fund Revenues per Capita FY 2013



Source: Comprehensive Annual Financial Reports/Budgets



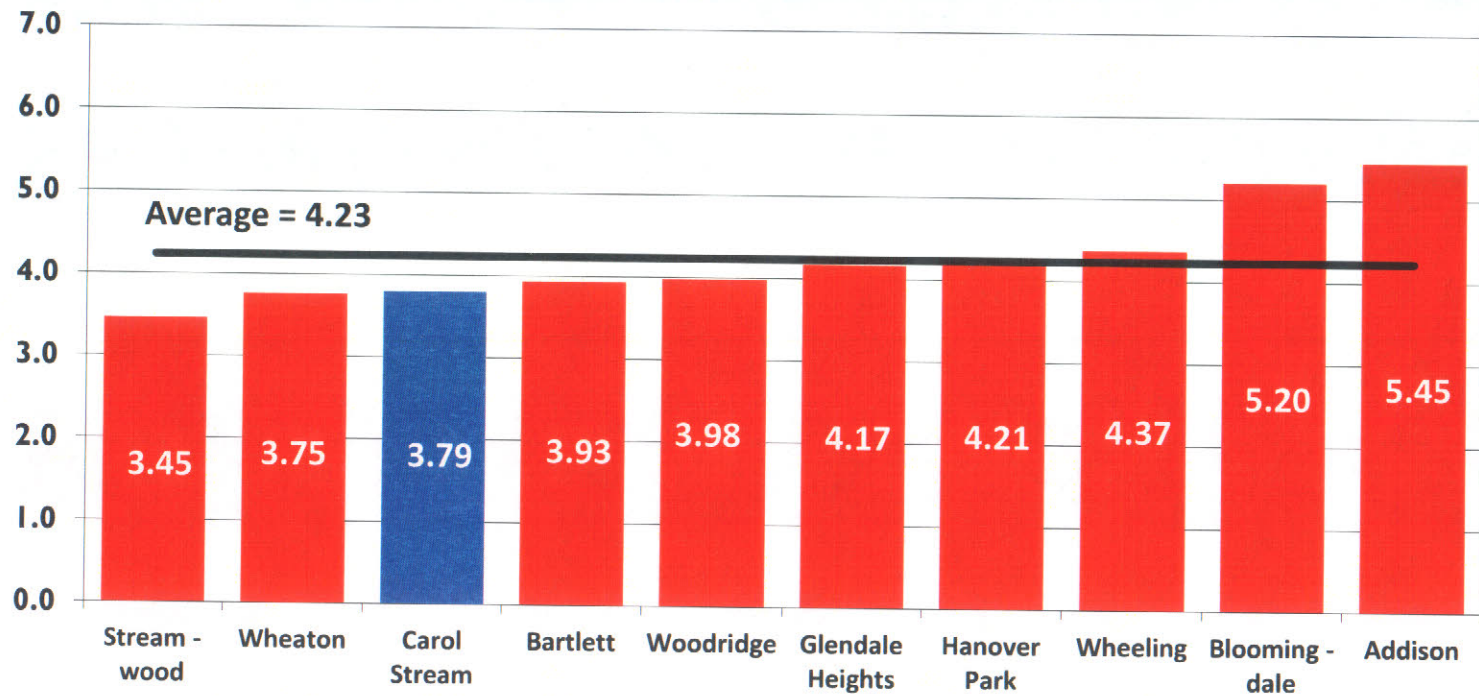
## Total Expenditures per Capita FY2013



Source: Comprehensive Annual Financial Reports/Budgets

All Governmental Funds. For purposes of providing a more balanced comparison, expenditures related to Fire protection and Parks & Recreation were removed from communities providing those services.

## Total Employees per 1,000 Residents FY 2015



Source: Comprehensive Annual Financial Reports/Budgets

Note: To support a more accurate comparison, Recreation/Parks Department employees (Glendale Heights), Golf Course Employees (Bartlett, Glendale Heights) and Fire Department Employees (Hanover Park, Streamwood, Wheaton, Wheeling) were deducted from this presentation as these services are not provided by all members of the peer group.





## Village of Carol Stream Proposed FY15/16 General Fund Budget

- How have we been able to achieve this?
  - Adherence to fundamental financial policies:
    - Do not spend more than you take in.
    - Deal with problems as they occur, do not defer!
    - Do not budget revenues you cannot reasonably expect to receive.
    - No new programs/services without the ability to pay for them.
    - Maintain adequate reserves to buffer against economic downturns. Use reserves for one-time or capital expenses, not to supplement operations.



## Village of Carol Stream Proposed FY15/16 General Fund Budget

- Proposed plan of action for FY15/16 General Fund Budget:
  1. Approve the budget originally presented to the Village Board on February 17, 2015.
  2. Within the Budget letter of transmittal, include action plan with respect to specific budget cuts that would be made if 50% of LGDF is taken.
  3. Until Springfield acts, items on the list would be effectively frozen.
  4. Reevaluate based on Springfield actions.



## **Village of Carol Stream Proposed FY15/16 General Fund Budget**

What would Carol Stream's Budget look like if  
\$1.9 million in revenues were taken away?

# Village of Carol Stream Proposed FY15/16 General Fund Budget

## What will not happen if we lose \$1.9 million in revenues

No scheduled transfer to our Road Fund (CPF)           \$    855,000

Staffing - No new positions, hold others

Police Officer - <b>New</b>	80,412
PW Asst. Superintendent of Operations – <b>New</b>	69,959
PW Mechanic (PT) – <b>New</b>	14,090
Information Systems Tech (PT) – <b>New</b>	28,408
CST - RCFL Investigator - Cancelled	70,066
CST - Recent Vacancy	60,888
Engineering Seasonal (PT) - Will not hire	8,397



## Village of Carol Stream Proposed FY15/16 General Fund Budget

What will not happen if we lose \$1.9  
million in revenues (continued)

### Legislative Board

DuPage Senior Citizens Council	\$	8,400
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### Municipal Building

Village Hall Updates (carpet, flooring, paint, etc.)		375,000
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Farmhouse Maintenance (siding, windows, etc.)		40,000
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## Village of Carol Stream Proposed FY15/16 General Fund Budget

What will not happen if we lose \$1.9  
million in revenues (continued)

### Information Systems

Security Camera Upgrades at VH and PWC	\$	35,000
On-Line Forms Development System		9,900
Paperless Agenda Management System		9,000
Copier Replacement - Employee Relations		8,000
Copier Replacement - Engineering		8,000



## Village of Carol Stream Proposed FY15/16 General Fund Budget

### What will not happen if we lose \$1.9 million in revenues (continued)

#### Employee Relations

Leadership and Executive Staff Development	\$	15,000
Health Plan Consultant Review		10,000
Recruitment		2,500
Meetings		410
Supervisory Development Books		200

#### Engineering

Engineering Asset and Operations Management		170,960
DuPage River Salt Creek Work Group (projects)		36,000



## Village of Carol Stream Proposed FY15/16 General Fund Budget

What will not happen if we lose \$1.9  
million in revenues (continued)

### Finance

Accounts Receivable Software Upgrade	\$	10,000
High Volume Shredder / Office Chair Repl.		6,000
CAFR Certificate of Achievement Award		435
Budget Covers & Supplies (on-line only)		300
Government Finance Officers Assoc. Dues		250



## Village of Carol Stream Proposed FY15/16 General Fund Budget

What will not happen if we lose \$1.9  
million in revenues (continued)

### Community Development

Permit Software System	\$	99,020
Branding / Marketing Consultant		25,000
Digitizing of Microfilm		20,000
Reduce Contract Property Maintenance by 50%		15,000
Inspection Support for Crime-Free Housing		5,000
Promotional Materials		3,000
Overhead Sewer Program		2,500



## Village of Carol Stream Proposed FY15/16 General Fund Budget

What will not happen if we lose \$1.9  
million in revenues (continued)

### Public Works

PWC Door Security	\$	20,000
Reduce Garage Tool/Equip. Area Reconfig.		16,800
Mulch on North Avenue		16,000
Recoat Garage Floor		12,000
Light Tower Replacement		12,000
Floor Cleaner (purchase used)		8,000
Tool Boxes / Generator Shelf		5,000



## Village of Carol Stream Proposed FY15/16 General Fund Budget

What will not happen if we lose \$1.9  
million in revenues (continued)

Public Works (cont'd)

Smart Board	\$	4,000
Contract Hauling		2,500
Equipment Rental (Signs / M&R)		2,200
Telephone Downgrade		530

Training - All Departments

Prohibition on Out-of-State Travel		
45% Reduction in Budgeted Training		85,164



## Village of Carol Stream Proposed FY15/16 General Fund Budget

- Sum Total of All Proposed Cuts = \$1,431,289
- Less than \$1.9 million revenue loss because there was a surplus planned in originally proposed draft General Fund budget.



## Village of Carol Stream Proposed FY15/16 General Fund Budget

- What are the General Impacts of Proposed Cuts?
  - Reduces staffing from an already lean organization.
  - Most all of Village Board's Strategic Goals related to Infrastructure, Technology and Branding/Marketing are eliminated or significantly impaired.
    - Difficult to see if/when these may return absent new revenues.
    - Future of Capital Funding for Road Program is uncertain/jeopardized (General Fund Surpluses are essential to proper road funding).
  - Reduces the budget from being planful and forward looking to one which is reactive and defers maintenance.
  - What happens if Illinois Governor/Legislature want more next year?
  - Unforeseen economic challenges?





## Village of Carol Stream Proposed FY15/16 General Fund Budget

- **What Items are Being Maintained in the Budget?**
  - Needed vehicle/fleet replacements will be made.
  - GIS Initiative remains largely intact (MPG Consortium membership / NIU Intern at current levels.
  - Tree Maintenance on schedule.
  - Snow Plowing / Equipment maintenance and replacement.
  - Continued commitment to Crime Free Housing program.
  - Safety Related Maintenance Items – North Garage Floor / Pond Aerators.
  - Town Center Events / 4<sup>th</sup> of July.
  - Computer Network Maintenance / Upgrades.
  - Modest Employee Recognition Program.
  - Economic Development / Annexation Incentives.



## Village of Carol Stream Proposed FY15/16 General Fund Budget

- Should the Village Consider Increasing Revenues?
  - Recommend no action to consider increase in revenues until Springfield acts on proposed cuts.
  - Likely Opportunities to Expand / Increase Revenues.
    - Gasoline Tax
    - Food & Beverage Tax
    - Vehicle Sticker Increase
    - Home Rule Sales Tax Increase
    - Property Tax



# TIF FUNDS

**Geneva Crossing TIF**  
**North Ave / Schmale Road TIF**



## Village of Carol Stream TIF2 – Geneva Crossing Shopping Center

- During the current FY14/15, we applied \$1.15M of available cash reserves to call (pay early) the last three (3) years of bonds retiring in 2019, 2020 and 2021, saving the TIF more than \$306,000 in future interest costs.
- Projected cash balances by April 30, 2015 = \$1.09M, not enough to retire the remaining bonds, but close.
- Remaining debt until 12/30/18, four (4) years to go!
- Will look at possible additional early pre-payments during FY15/16, if feasible.
- Tax protests continue; The Village will become more active in challenging these.



## **Village of Carol Stream TIF3 – North Ave./Schmale Rd.TIF**

- During the current FY14/15, first sales taxes received from Caputo's contributed to the TIF.
- No property tax increment generated in FY14/15 on Caputo's parcel. No property tax increment expected in FY15/16 either.
- Scheduled semi-annual payments to developer under incentive note will commence beginning June 30, 2015 and December 31, 2015.
- It is doubtful there will be sufficient property tax and sales tax increment on hand in the TIF to pay any principal component on the first note installment (partial interest only).



# PENSION TRUST FUND

## **Carol Stream Police Pension Fund**



# Village of Carol Stream

## Police Pension Fund Highlights

- Funding comes from three (3) sources:
  - Officer Contributions (9.91% of Base Pay)
  - Interest Earned on Investment Portfolio
  - Actuarial Contribution Made by the Village
- Eclipsed \$40 million in net assets during FY14/15.
- Current year cross-over; Benefits paid out now exceed Village Annual contribution.
- 69.9% funded as of April 30, 2014, still above average.
- Village contribution increases by 3.3% in FY15/16 over FY14/15.



## Next Steps

- **Friday, March 27, 2015**
  - Draft Village Budget to Village Board and available for public inspection in Village Clerk's Office, Library and Village Web Site.
- **Monday, April 20, 2015**
  - 7:30 pm Regular Village Board Meeting
    - **Budget Public Hearing**
    - **Budget Adoption**
- **May 1, 2015**
  - FY15/16 Begins

**QUESTIONS?**