

Village of Carol Stream

Special Meeting of the Village Board

General Fund Impact of Proposed State Revenue Cuts

Gregory J. Bielawski Municipal Center
500 N. Gary Avenue, Carol Stream, IL 60188

March 16, 2015
6:00 p.m. – 7:23 p.m.

Meeting Notes

ATTENDANCE:

Mayor Pro Tem Matt McCarthy
Trustee Greg Schwarze
Trustee Mary Frusolone
Trustee Rick Gieser
Trustee John LaRocca
Village Clerk Beth Melody

Joseph E. Breinig, Village Manager
Bob Mellor, Assistant Village Manager
Chris Oakley, Asst. to the Village Manager
John Batek, Finance Director
Jim Knudsen, Director of Engineering
Bob Glees, Dir. of Community Dev.
Ed Sailer, Acting Police Chief
Caryl Rebholz, Emp. Relations Dir.
Phil Modaff, Director of Public Works
Don Bastian, Asst. Comm. Dev. Dir.
Tom Miller, Police Commander
John Jungers, Police Commander

The meeting was called to order at 6:00 p.m. by Mayor Pro Tem Matt McCarthy and the roll call read by Village Clerk Melody. The result of the roll call vote was as follows:

Present: Mayor Pro Tem Matt McCarthy, Trustees LaRocca, Gieser, Frusolone and Schwarze

Absent: Mayor Frank Saverino, Sr. and Trustee Weiss

General Fund Impact of Proposed State Revenue Cuts

Finance Director Batek presented staff proposals for General Corporate Fund expenditures reductions in light of proposed State revenue cuts to local government

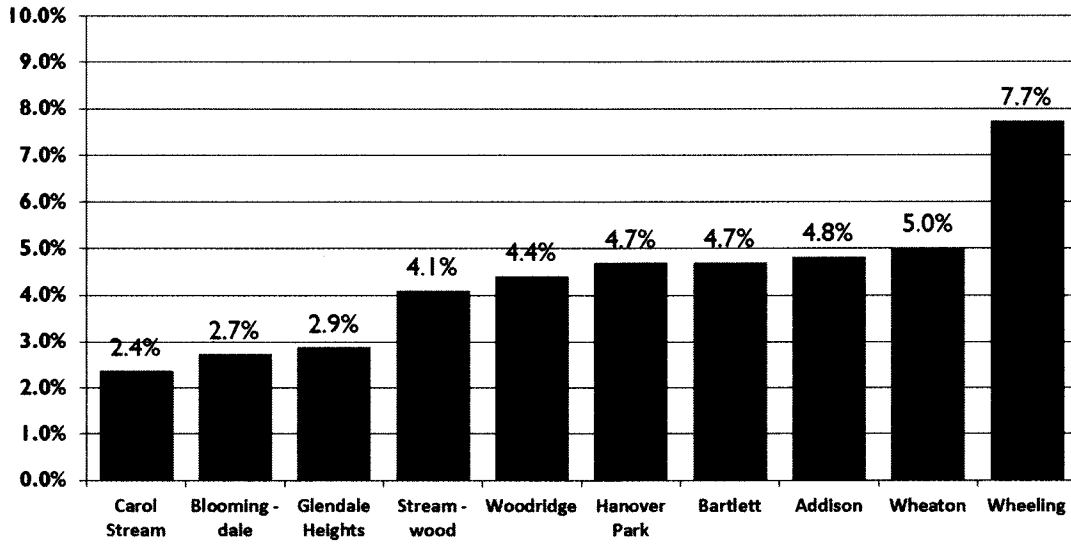
The proposed FY 15/16 General Fund Impact of Proposed State Revenue Cuts consisted of the following:

Proposed FY15/16 Budget Agenda

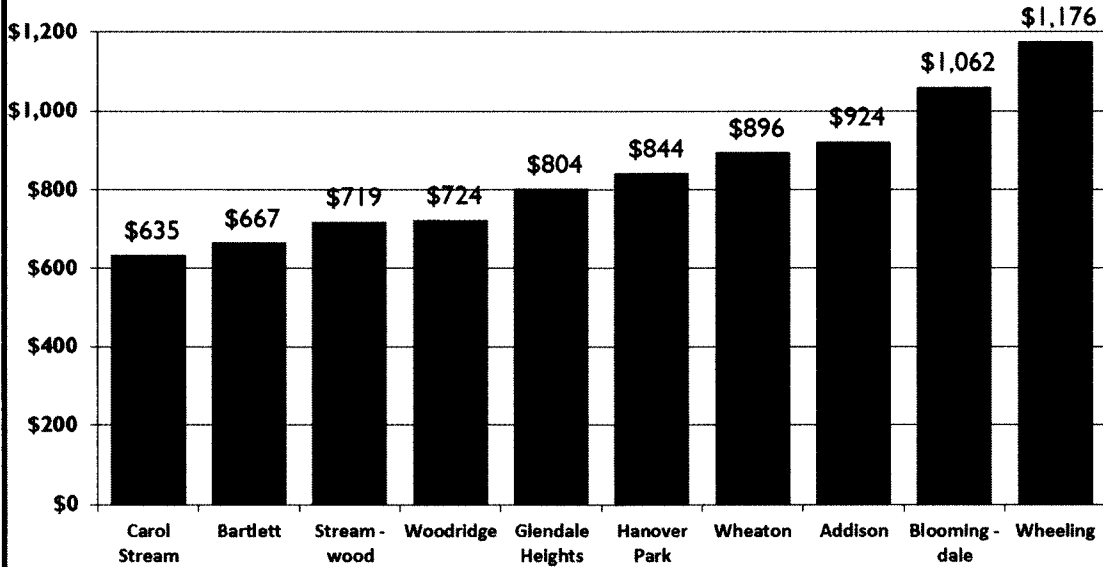
- Revisit General Fund Budget
 - Impact of Proposed State Revenue Reductions
 - Proposed Budget Cuts if Revenues Lost
 - Discussion of Additional Revenues

- TIF Funds
 - Geneva Crossing TIF
 - North / Schmale TIF
- Police Pension Fund
- 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.
- 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?
- 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.
 - 3rd lowest of 10 in total spending per capita.
 - 3rd lowest of 10 in employees per capita.
 - Staffing remains 11.5% (20 positions) below prior to entering the Great Recession.

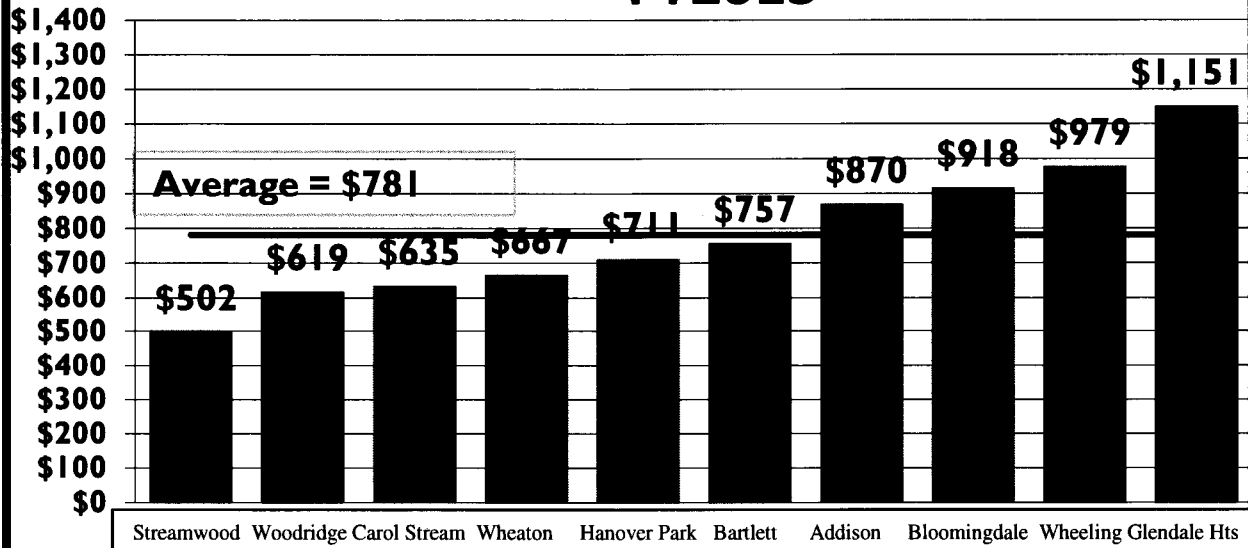
Average Annual Revenue Growth FY2004 to FY2013



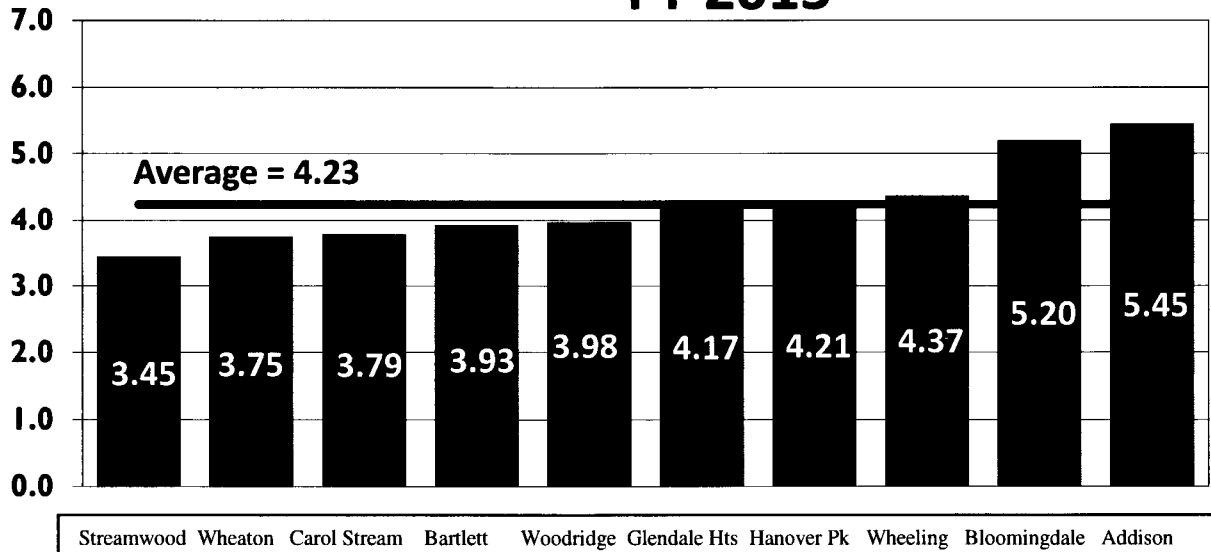
Governmental Fund Revenues per Capita FY 2013



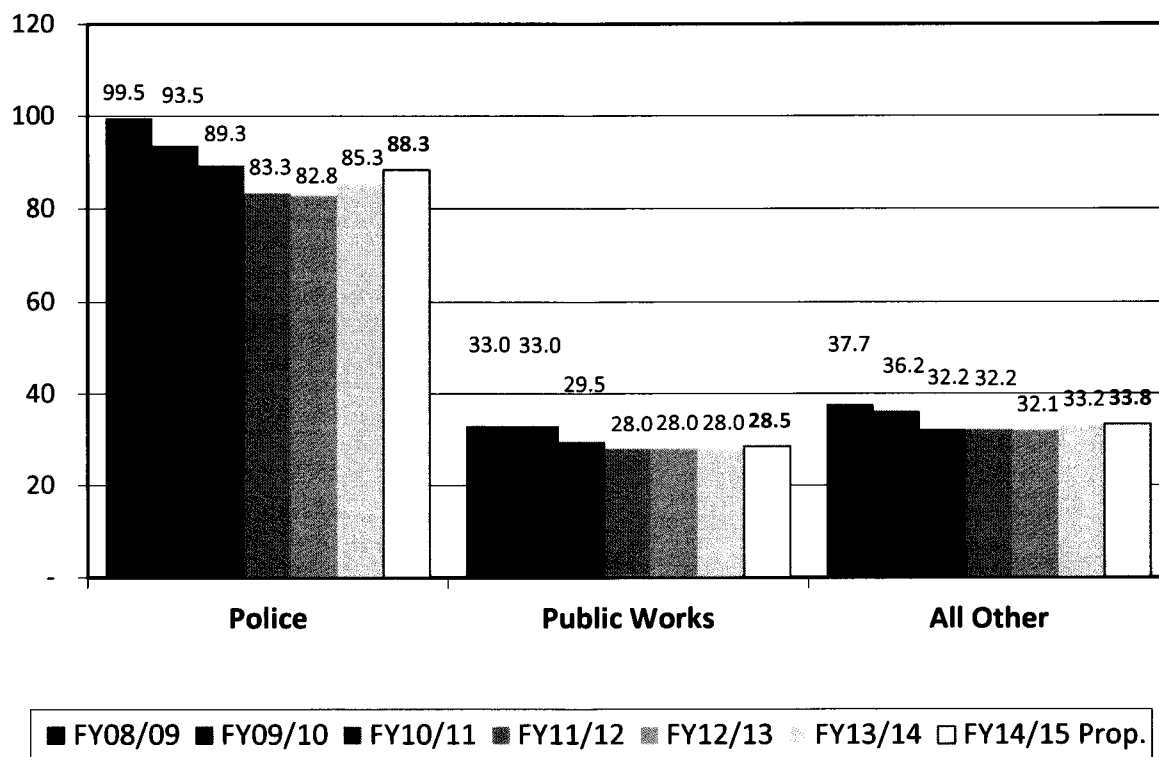
Total Expenditures per Capita FY2013



Total Employees per 1,000 Residents FY 2015



Village of Carol Stream
Proposed Regular Employee Staffing by Department
Fiscal Year 14/15 Beginning May 1, 2014



	FY08/09	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15
Totals	170.20	162.70	150.95	143.50	142.88	146.45	150.60
% Change		-4.4%	-7.2%	-4.9%	-0.4%	2.5%	2.8%
5 Yr. Change							-11.5%

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.

- 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.

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

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

No scheduled transfer to our Road Fund (CPF)	\$ 855,000
<u>Staffing - No new positions, hold others</u>	
Police Officer - New	80,412
PW Asst. Superintendent of Operations – New	69,959
PW Mechanic (PT) – New	14,090
Information Systems Tech (PT) – New	28,408
CST - RCFL Investigator - Cancelled	70,066
CST - Recent Vacancy	60,888
Engineering Seasonal (PT) - Will not hire	8,397
<u>Legislative Board</u>	
DuPage Senior Citizens Council	\$ 8,400
<u>Municipal Building</u>	
Village Hall Updates (carpet, flooring, paint, etc.)	375,000
Farmhouse Maintenance (siding, windows, etc.)	40,000
<u>Information Systems</u>	
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

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

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

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

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

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

- 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, which would normally be transferred to the Capital Improvements Fund for road projects.
- 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?
- 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 / 4th of July.
 - Computer Network Maintenance / Upgrades.
 - Modest Employee Recognition Program.
 - Economic Development / Annexation Incentives.

Trustee Frusolone asked if the Village will fill vacancies of retiring employees and Police Officers.

Village Manager Breinig stated we are in recession mode again and all open positions will be evaluated on their merits. Unfortunately the Village is already lean and we likely will not be able to reduce our head count.

- 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-consideration of this increase would be offset by business decisions not to move to Carol Stream because of an unfavorable tax rate.
 - Property Tax

Village Manager Breinig stated staff would like to talk about these revenue options in the coming months to balance the loss in State shared revenues.

TIF FUNDS

Geneva Crossing TIF North Ave / Schmale Road TIF

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.

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).

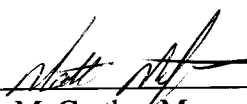
PENSION TRUST FUND

Police Pension Fund

- 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.

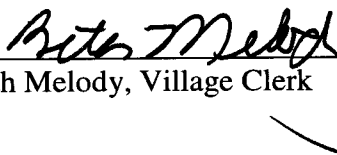
There being no further business, Trustee Schwarze moved and Trustee Frusolone made the second to adjourn the Special Board meeting. The meeting was adjourned unanimously at 7:23 p.m.

FOR THE BOARD OF TRUSTEES




Matt McCarthy, Mayor Pro Tem

ATTEST:



Beth Melody, Village Clerk

Minutes approved by the President and Board of Trustees on this
6th day of April, 2015.



Village Clerk