

# Village of Carol Stream

## Special Meeting of the Village Board Budget Workshop #3 – General Fund (Operations)

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

March 4, 2013  
6:00 p.m. – 7:09 p.m.

### Meeting Notes

**ATTENDANCE:** Mayor Frank Saverino, Sr.

Trustee Matt McCarthy  
Trustee Greg Schwarze  
Trustee Mary Frusolone  
Clerk Beth Melody  
Trustee Tony Manzullo(Absent)  
Trustee Don Weiss (Absent)  
Trustee Pam Fenner (Absent)

Joseph E. Breinig, Village Manager  
Robert Mellor, Asst. Village Manager  
Chris Oakley, Asst. to the Village Manager  
Phil Modaff, Dir. of Public Works  
James Knudsen, Dir. Engineering Services  
Robert Glees, Dir. of Community Dev.  
Jon Batek, Finance Director  
Kevin Orr, Police Chief  
Caryl Rebholz, Employee Relations Dir.  
Ed Sailer, Deputy Police Chief  
Dawn Damolaris, Assistant Finance Dir.  
Ed Sailer, Deputy Police Chief  
Dan Hoffman, Deputy Police Chief  
Jeff Degnan, Police Commander  
Matt York, Assistant Dir. of Public Works

The meeting was called to order by Mayor Saverino and the roll call read by Village Clerk Melody. The result of the roll call vote was as follows:

Present: Mayor Saverino, Trustees McCarthy, Schwarze and Frusolone

Absent: Trustees Weiss, Manzullo and Fenner

#### Proposed General Fund Budget – Fiscal Year 2013-14

Director of Financial Services Jon Batek presented the proposed General Corporate Fund Fiscal Year 2014 Budget including the following discussion topics:

- Recap of FY12/13 year end projection.
- Primary Focus tonight is on General Fund budget.
  - High level overview.
  - Major areas of change from current year.
  - Detailed discussion of program specifics (time permitting) with follow-up on March 18 budget workshop.
- Overview of Proposed Budget for FY13/14
  - Total Budget - Comparison to FY12/13 and prior year.
  - Revenue summary and outlook.
  - Expenditure summary.

- Personnel and staffing complement for FY13/14.
- Notable program changes for FY13/14.
- Looking Forward - 3 Year Financial Plan

**Fiscal Year 2013 Year End Budget Projection**

- Current year 2012/13 adopted budget was balanced, with Revenues equal to Expenditures at \$20,785,000.
- Current projections indicate a surplus of \$1.3 million by year-end based on the following projections:
- Revenues expected to finish the year \$1.1 million or 5.1% above budget.
  - State Income Taxes (+13.7%) = \$ 430,000
  - Sales Taxes (+5.4%) = \$ 424,000
  - Real Estate Transfer Tax = \$ 175,000
  - Misc. Revenues / Insurance Recoveries = \$ 100,000
  - \$ 1,129,000

Best news is these are projected to continue to grow into FY13/14.

- Expenditures projected to end the year \$200,000 or 1.0% below budget.

**Proposed General Corporate Fund Budget FY13/14 Budget Summary**

- FY13/14 Budget is Balanced as Proposed
  - Projected Revenues = \$ 22,475,000
  - Proposed Expenditures = \$ 22,345,000
  - Budgeted Surplus = \$ 130,000
- Revenues have rebounded and are showing better stability.
  - Last tax increase 3 years ago in FY10/11 (Home Rule Sales Tax and Towing Fee).
  - Only proposed increase is in one area of Building Permit Fees (approx. \$25,000)
  - No other tax / fee increases proposed for FY13/14
- Total proposed FY13/14 expenditures increase by 7.5% over FY12/13.
  - Still \$1.4 million less than budget 4 years ago in FY09/10.
  - Modest staffing additions planned to address service demands.
  - Opportunities now exist to complete some "one-time" projects / items.
- 3 Year Financial Plan shows "sustainability".
  - Must maintain caution on expenditure growth. Slow and controlled.
  - Budget continues to be sustainable without a Village property tax.

**Revenue Summary – General Fund**

- FY13/14 Projected Revenues = \$22,475,000
  - 8.1% ABOVE FY12/13 Budget
  - 2.9% ABOVE FY12/13 Estimated Year-End Actual
- Revenue History
  - FY07/08 Revenues Peak at \$24.9M
  - FY08/09 Recession Hits - 10% Loss
  - FY09/10 Additional 10% Loss - "Hit Bottom" at \$20.0M
  - FY10/11 Increase in HRST, Tow Fee counter "free fall" plus expenditure cuts
  - FY11/12 Stagnation, but no further loss
  - FY12/13 Actual Growth 3.4%
  - FY13/14 Actual Growth 2.9% (half-way back to FY07/08)
- Best signs of a recovering economy:
  - Sales Tax + 6.3% over FY12/13 EST (13.3% 2 year incr.)
  - Income Tax + 5.9% over FY12/13 EST (16.7% 2 year incr.)

- Forecast for 3 year financial plan
  - Last year we said of revenues: "sluggish/slow growth of < 1% per year".
  - This year: Modest growth over the near-term @ approx. 2.0%+

### **Fiscal Year 2014 Revenue Highlights**

	FY12/13 <u>Budget</u>	FY12/13 <u>Estimate</u>	FY13/14 <u>Projected</u>	Chg. From <u>FY12/13 Bud.</u>	Chg. From <u>FY12/13 Est.</u>
Sales Tax	\$ 4,931,000	\$ 5,200,000	\$ 5,525,000	12.0%	6.3%
State Income Tax	3,145,000	3,575,000	3,785,000	20.3%	5.9%
Home Rule Sales Tax	2,860,000	3,015,000	3,205,000	12.1%	6.3%
Utility Tax - Telecomm.	1,562,000	1,605,000	1,450,000	-7.2%	-9.7%
Utility Tax - Electricity	1,800,000	1,860,000	1,820,000	1.1%	-2.2%
Natural Gas Use Tax	575,000	550,000	575,000	0.0%	4.5%
Real Estate Transfer Tax	250,000	425,000	375,000	50.0%	-11.8%
Hotel Tax Receipts	275,000	290,000	305,000	10.9%	5.2%
Other Taxes	<u>1,009,700</u>	<u>971,550</u>	<u>1,008,800</u>	-0.1%	3.8%
Total Taxes	16,407,700	17,491,550	18,048,800	10.0%	3.2%
Licenses and Permits	1,107,000	1,083,150	1,119,000	1.1%	3.3%
Grants	128,000	125,000	111,000	-13.3%	-11.2%
Charges for Services	1,300,800	1,307,200	1,320,700	1.5%	1.0%
Fines and Forfeitures	1,635,000	1,521,000	1,617,000	-1.1%	6.3%
Interest Income	25,000	35,000	35,000	40.0%	0.0%
Miscellaneous Revenue	<u>181,500</u>	<u>286,500</u>	<u>223,500</u>	23.1%	-22.0%
Total Revenues	<u>20,785,000</u>	<u>21,849,400</u>	<u>22,475,000</u>	<b>8.1%</b>	<b>2.9%</b>
		<b>5.1%</b>	<b>2.9%</b>		

### **Expenditure Summary**

- FY13/14 Proposed Expenditures = \$22,345,000
- FY13/14 proposed expenditures grow by 7.5% compared to FY12/13 budget.
  - FY13/14 projected expenditures are \$1.4 million or 5.9% below budgeted expenditures of \$23.7 million in FY09/10 (4 years ago).
  - About 40% of proposed budget increase in the area of Personnel.
  - Approximately 60% of increase is in the Contractual Services area.
- Proposed staffing levels to increase by 3.5FTE or 2.5% over FY12/13 authorized.
- Contractual Services expenditures include a number of "temporary" or otherwise "one-time" outflows (non-recurring).

### **Proposed General Corporate Fund Expenditures by Type Fiscal Year 13/14 Beginning May 1, 2013**

- Salaries & Wages = \$16,147,537 or 72% of budget
- Contractual Services = \$5,380,035 or 24% of budget

- Commodities = \$378,853 or 2% of budget
- Capital Outlay = \$438,575 or 2% of budget
- Total proposed budget = \$22,345,000

**Draft General Corporate Fund Budget Expenditures FY13/14 Proposed Compared to FY12/13 Adopted**

	Actual FY10/11	Actual FY11/12	Adopted Budget FY12/13	Estimated FY12/13	Proposed Budget FY13/14	FY13/14 proposed to FY12/13 Budget	
<b>Salaries &amp; Wages</b>							
Personal Services	\$ 10,144,078	\$ 9,894,248	\$ 9,714,431	\$ 9,854,566	\$ 10,202,025	487,594	5.0%
Overtime	714,262	680,477	788,750	720,675	807,950	19,200	2.4%
Group Insurance	1,549,605	1,666,302	1,808,063	1,808,063	1,769,487	(38,576)	-2.1%
IMRF	631,807	623,675	671,958	672,661	700,124	28,166	4.2%
FICA	774,231	756,805	740,643	743,454	775,141	34,498	4.7%
WC/Unemp. Ins.	383,344	261,077	305,280	295,394	341,056	35,776	11.7%
Police Pension	<u>1,256,813</u>	<u>1,434,572</u>	<u>1,474,398</u>	<u>1,474,398</u>	<u>1,551,754</u>	<u>77,356</u>	5.2%
Total Salaries & Wages	15,454,140	15,317,156	15,503,523	15,569,211	16,147,537	644,014	4.2%
<b>Contractual Services</b>	3,771,631	3,639,377	4,431,150	4,301,003	5,380,035	948,885	21.4%
<b>Commodities</b>	77,537	188,958	256,057	169,288	378,853	122,796	48.0%
<b>Capital Outlay</b>	<u>256,678</u>	<u>387,757</u>	<u>594,270</u>	<u>600,346</u>	<u>438,575</u>	<u>(155,695)</u>	-26.2%
<b>Total</b>	<u>\$ 19,559,986</u>	<u>\$ 19,533,248</u>	<u>\$ 20,785,000</u>	<u>\$ 20,639,848</u>	<u>\$ 22,345,000</u>	<u>\$ 1,560,000</u>	<b>7.5%</b>

**Proposed Regular Employee Staffing By Department Fiscal Year 13/14 Beginning May 1, 2013**

- Police = 85.30
- Public Works = 28.00
- Administration (Includes Village Manager's Office, Management Services, Information Systems, Municipal Building, Employee Relations and Village Clerk) = 11.40
- Finance = 9.75
- Community Development = 6.50
- Engineering = 5.50
- Total Proposed = 146.45 employees

**Changes in Proposed Village Staffing Costs FY13/14**

- Proposed FY13/14 Personnel Services costs (incl. benefits) increased by \$644,000 or 4.2%.
- Staff Salaries increase by 5.0% resulting from:
  - Proposed new staff positions totaling 3.5 FTE, an increase of 2.5%
  - Roll-in of recently ratified SEIU / Sergeants contracts.
  - Existing contract step increases.
  - Proposed non-union compensation plan.
- FY14/15 = \$700,000 or 6.4% less than actual salaries paid 4 years ago in FY09/10.
- Proposed staffing levels remain 23.75 positions or 14% below FY08/09.
- Employment Benefit Costs (Health, Pensions, FICA, WC, Unemployment) = 32% of Salaries
  - Sum total of Employment Benefit costs to increase by 2.7% over FY12/13 Budget.
  - Pension Increases have moderated to a degree. (Carol Stream pays its pension obligations on time and in full.)
  - 2.1% Reduction in Health Plan costs next year.

### **Changes in Budgeted Health Plan Costs FY13/14**

- Carol Stream participates in a multi-municipal health insurance pool - Intergovernmental Personnel Benefit Cooperative (IPBC)
- "Medical Trend" (cost inflation) is currently 10% average annual increase
- 2.1% reduction in Health Plan costs next year.
- How Carol Stream "beat" medical trend in FY13/14 proposed budget:
  - Not just one factor, but a number which contribute.
  - Favorable claims experience of CS covered employees/dependents.
  - July 1, 2013 tentative renewal changes:
    - HMO Program +3.0%
    - PPO Program -3.9%
    - Dental -7.8%
  - Migration of employees to lower cost plans through incentives (PPO Waiver Program).
  - Reduced number of plan participants, increased PT positions ineligible for benefits (15 proposed for FY14 = \$172,000 savings without retention or quality of worker issues).
  - Increased number of participants "opting out" of insurance altogether (covered on spouse plan).
  - Increased focus on wellness programs.

### **Changes in Proposed Village Staffing FY 13/14**

- FY12/13 Authorized Positions = 142.88
- Management Services Add 1 PT Information Systems Help Desk Tech. (19 hrs./week - no benefits) = .50
- Community Development Add 1 PT Building & Zoning Tech. (19 hrs./week - no benefits) = .50
- Police Department Add 2 Net FT Police Officers = 2.00  
Add 1 PT Records Clerk (19 hrs. /week - no benefits) = .50
- Misc. Rounding Adjustments = .07
- Proposed FY13/14 Authorized Staffing = 146.45
- Net Change from FY12/13 = 3.57
- % Change from FY12/13 = 2.5%

### **Significant Changes in Contractual Services Expenditures FY14 Proposed Budget**

- Emerald Ash Borer = \$ 285,000
  - Funds budgeted come from a special reserve set aside by the Village Board in 2007 and will provide for 1,000 removals and harvesting and planting costs for about 1,100 replacement trees in FY13/14
- Sales Tax Rebates = \$263,000
  - Increase in budgeted rebates for active economic development projects
- TIF3 Transfers = \$196,000
  - Budgeted transfers to the new TIF at North Ave. /Schmale Rd.
  - Includes TIF increment, sales taxes, Village contribution.
- Comprehensive Plan = \$100,000
  - High priority Village goal previously deferred due to lack of resources.
- Local Prosecution = \$70,000
  - Funds allocated to utilize our own prosecutor for most Circuit Court tickets. Increased revenues budgeted to pay for added costs.
- DuComm = \$65,000
- Pavement Marking / Utility Locates = \$60,000

- Equipment Rental = \$15,000
- Hotel Promotion = \$10,000
- Wellness Program = \$10,000
- Total = \$1,074,000

### Departmental Expenditure Budgets FY14

	Actual FY10/11	Actual FY11/12	Budget FY12/13	Proposed Budget FY13/14	Change from FY12/13	% Change
Fire & Police Commission	\$ 14,688	\$ 21,773	\$ 5,448	\$ 20,991	\$ 15,543	285
Legislative Board	99,295	111,009	104,790	124,940	20,150	19.2
Planning Comm. & ZBA	4,914	5,364	7,474	5,833	(1,641)	-22.
Legal Services	201,027	214,213	315,000	330,000	15,000	4.8%
Village Clerk	63,816	34,778	46,360	36,194	(10,166)	-21.
Administration	511,920	493,352	455,550	488,882	33,332	7.3%
Employee Relations	230,582	233,903	248,586	270,175	21,589	8.7%
Financial Management	787,597	795,666	842,272	874,972	32,700	3.9%
Engineering Services	770,927	768,214	843,483	879,837	36,354	4.3%
Comm. Development	722,291	738,028	814,240	992,671	178,431	21.9
Management Services	783,620	778,461	803,407	888,804	85,397	10.6
Police	11,976,644	11,886,460	12,278,685	12,704,792	426,107	3.5%
Streets	2,700,614	2,866,201	3,145,670	3,532,551	386,881	12.3
Municipal Building	312,990	308,928	386,785	339,708	(47,077)	-12.
Municipal Garage	53,531	68,095	-	-	-	
Transfers and Agreements	281,514	173,379	446,000	814,800	368,800	82.7
Town Center Events	42,600	35,424	41,250	39,850	(1,400)	-3.4
Totals	<u>\$ 19,558,570</u>	<u>\$ 19,533,248</u>	<u>\$ 20,785,000</u>	<u>\$ 22,345,000</u>	<u>\$ 1,560,000</u>	<u>7.5%</u>
Transfer to Capital Projects Fund	-	\$ 5,000,000				

### General Fund - The Next 3 Years

	Proposed Budget FY13/14	Projected FY14/15	Projected FY15/16
<b>REVENUES</b>	\$ 22,475,000	\$ 22,934,800	\$ 23,430,700
		2.0%	2.2%
<b>EXPENDITURES</b>			
Fire & Police Commission	\$ 20,991	23,761	7,021
Legislative Board	124,940	121,335	129,460
Planning Comm. & ZBA	5,833	5,840	5,848
Legal Services	330,000	330,000	345,000
Village Clerk	36,194	35,521	36,368
Administration	488,882	494,052	499,470

Employee Relations	270,175	264,957	267,381
Financial Management	874,972	889,101	888,614
Engineering Services	879,837	946,004	890,605
Comm. Development	992,671	976,680	949,096
Management Services	888,804	886,072	844,534
Police	12,704,792	13,022,858	13,472,612
Streets	3,532,551	3,947,980	3,200,536
Municipal Building	339,708	312,515	310,816
Transfers and Agreements	814,800	551,000	532,500
Town Center Events	<u>39,850</u>	<u>39,250</u>	<u>39,250</u>
Total Expenditures	22,345,000	22,846,926	22,419,111
		2.2%	-1.9%
Surplus / (Deficit)	<u>\$ 130,000</u>	<u>\$ 87,874</u>	<u>\$ 1,011,589</u>

**Next Steps**

- **Monday, March 18, 2013**
  - 6:00 pm Village Board Budget Workshop #4
  - FY13/14 Draft Budget Presentation
    - General Fund – Follow-up Items as Needed
    - All Other Funds
    - Capital Improvement Program
- **Friday, March 29, 2013**
  - Distribution of Draft Budget Document to Village Board
  - Availability of Draft Budget for Public Review
    - Clerk's Office
    - Carol Stream Library
    - Village Website
- **Monday, April 15, 2013**
  - Budget Public Hearing and subsequent Adoption

There being no further business, a motion was made by Trustee McCarthy and seconded by Trustee Frusolone to adjourn the Special Board meeting. The meeting was adjourned unanimously at 7:09 p.m.

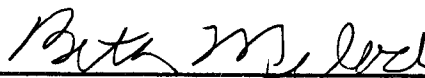
FOR THE BOARD OF TRUSTEES

  
Frank Saverino, Sr., Mayor

  
Beth Melody, Village Clerk

Minutes approved by the President and Board of Trustees on this

18<sup>th</sup> day of March, 2013.



\_\_\_\_\_  
Village Clerk