

Village of Carol Stream

Special Meeting of the Village Board

FY 20 Budget Workshop

General Fund (Part 2)

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

February 19, 2019

6:05 p.m. – 7:01 p.m.

Meeting Notes

ATTENDANCE:

Mayor Pro Tem Matt McCarthy
Trustee Greg Schwarze
Trustee Rick Gieser
Trustee John LaRocca
Trustee David Hennessey
Trustee Mary Frusolone
Village Clerk Laura Czarnecki

Bob Mellor, Village Manager
Joe Carey, Assistant Village Manager
Jon Batek, Finance Director
Jim Knudsen, Engineering Director
Phil Modaff, Public Works Director
Ed Sailer, Police Chief
Don Bastian, Community Dev. Director
Marc Talavera, I. T. Director
Tia Messino, Assist. to the VM

ABSENT: Mayor Frank Saverino, Sr.

The meeting was called to order at 6:01 p.m. by Mayor Pro Tem Matt McCarthy and the roll call read by Village Clerk Laura Czarnecki. The result of the roll call vote was as follows:

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

Absent: Mayor Frank Saverino, Sr.

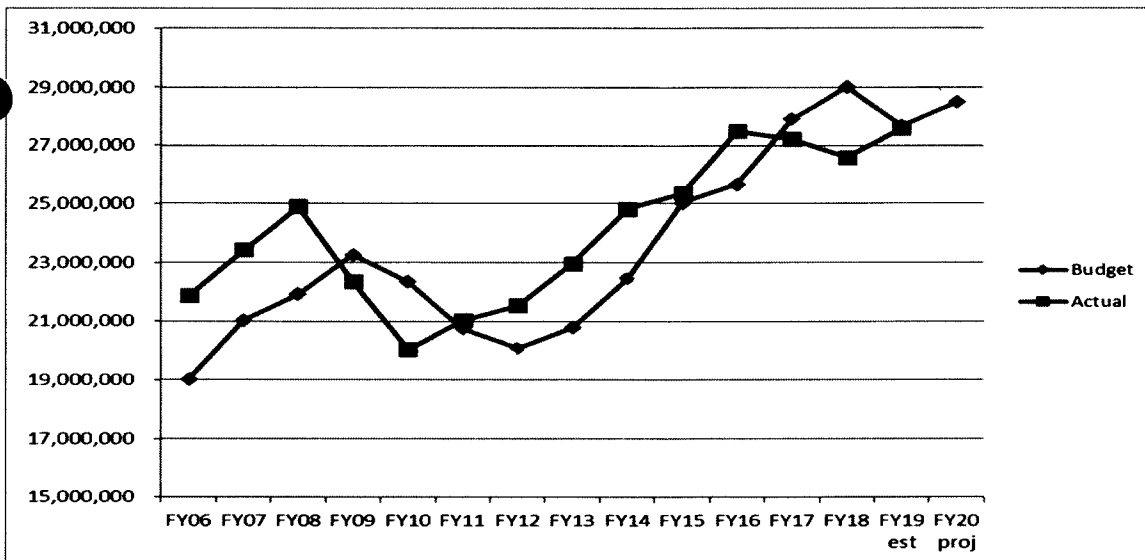
FY 20 BUDGET WORKSHOP-GENERAL FUND (PART 2)

Finance Director Jon Batek led the Village Board on a discussion of the proposed General Fund operating budget expenditures and revenue challenges ahead.

GENERAL FUND

- General Fund Revenues
- General Fund Expenditures
 - Expenditures by Category
 - Staffing Changes
 - Departmental Summaries

General Fund Revenues – Budget vs Actual



FY19 Revenue Estimate

- Original FY19 Revenue Estimate presented at 1/22/19 VB Budget Workshop has been downgraded.

ORIGINAL

1/22/19 GF Revenue Estimate	\$ 28,034,300	
Original FY19 Budget	27,660,000	
Revenues Above Budget	<u>\$ 374,300</u>	1.40%

REVISED

2/19/19 GF Revenue Estimate	\$ 27,563,000	
Original FY19 Budget	27,660,000	
Revenues Below Budget	<u>\$ (97,000)</u>	-0.35%

- This \$471,300 swing is mostly due to changes in sales tax estimates.
- Project FY19 sales taxes (local + home rule) will be \$1,185,000 below budget.
 - Local sales tax receipts in December, January and February have sustained YOY (year-over-year) losses of 10%, 12% and 14% respectively (\$56K, \$78K, \$86K).
 - This is a concerning trend.
 - We will know the source of these losses when next data distribution from State department of revenue arrives (expected this week).
 - As a result of revenue estimate revisions, the original projected surplus of \$1,265,234 has been reduced to \$763,737.

FY20 Revenue Projections

- Revenues projected for FY20 will likely need to be revised downward. We are holding off on this until we identify and assess the nature and magnitude of the sales tax losses currently being incurred.
- With the overall revenue picture flat or declining, staff proposed some stop-gap revenue recommendations:
 - Vehicle sticker (no increase in 25+ years) \$300,000
 - Development Services Fee (not adj. since 2013) 40,000

◦ 2% Liquor Tax (new) 400,000
 Projected Revenue Impact \$740,000

- These have been incorporated into FY20 revenue projections.
- With all new proposed revenues implemented, total projected General Fund revenues for FY20 will increase by 3.0% compared to FY19 budget or by 3.4% compared to FY19 estimated final revenues.
- This will balance the General Fund budget with both projected revenues and program expenditures in balance at \$28,500,000.
- This leaves no budgeted surplus for future capital improvement projects.

	<u>FY19</u>	<u>FY19</u>	<u>FY20</u>	<u>FY20</u>	<u>FY20</u>
	<u>Budget</u>	<u>Estimate</u>	<u>Projected</u>	<u>Over/</u>	<u>Over/</u>
				<u>(Under)</u>	<u>(Under)</u>
				<u>FY19 Budget</u>	<u>FY19 Est.</u>
Sales Tax	\$ 7,418,000	\$ 6,900,000	\$ 6,960,000	\$ (458,000)	60,000
State Income Tax	3,575,000	3,900,000	3,960,000	385,000	60,000
Home Rule Sales Tax	5,367,000	4,700,000	5,150,000	(217,000)	450,000
Utility Tax - Telecomm.	974,000	974,000	877,000	(97,000)	(97,000)
Utility Tax - Electricity	1,870,000	1,930,000	1,880,000	10,000	(50,000)
Natural Gas Use Tax	570,000	680,000	620,000	50,000	(60,000)
Real Estate Transfer Tax	900,000	985,000	950,000	50,000	(35,000)
2% Liquor Tax	-	-	400,000	400,000	400,000
Hotel Tax Receipts	355,000	370,000	410,000	55,000	40,000
Other Taxes	<u>1,626,500</u>	<u>1,715,500</u>	<u>1,767,000</u>	<u>140,500</u>	<u>51,500</u>
Total Taxes	22,655,500	22,154,500	22,974,000	318,500	819,500
Licenses and Permits	1,220,500	1,385,200	1,645,500	425,000	260,300
Grants	100,000	100,000	100,000	-	-
Charges for Services	1,774,000	1,759,200	1,644,500	(129,500)	(114,700)
Fines and Forfeitures	1,381,000	1,502,000	1,518,000	137,000	16,000
Interest Income	140,000	175,000	210,000	70,000	35,000
Miscellaneous Revenue	<u>389,000</u>	<u>487,100</u>	<u>408,000</u>	<u>19,000</u>	<u>(79,100)</u>
Total Revenues	\$ 27,660,000	\$ 27,563,000	\$ 28,500,000	\$ 840,000	\$ 937,000
				3.0%	3.4%

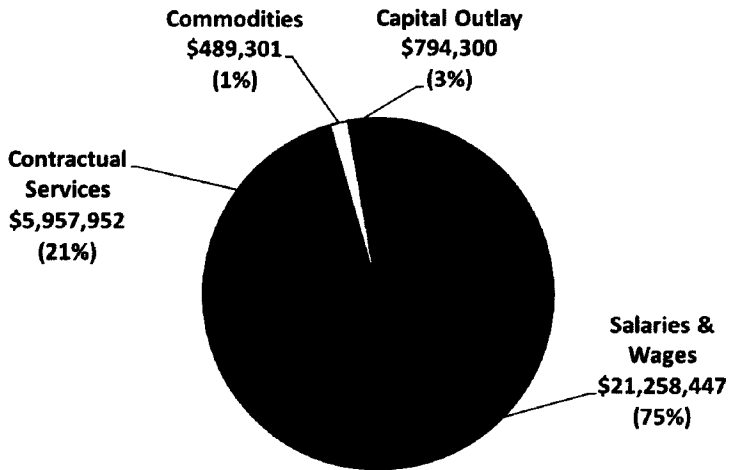
FY20 Budget Summary

●	Current Year FY19 Projected Surplus		
	Estimated Revenues	\$ 27,563,000	0.35% below budget
	Estimated Expenditures*	<u>26,799,263</u>	3.1% below budget
	Projected Surplus	<u>\$ 763,737</u>	
●	FY20 Budget is Balanced as Proposed		
	Projected Revenues	\$ 28,500,000*	3.4% growth over FY19 est.
	Proposed Expenditures	<u>28,500,000</u>	6.3% growth over FY19 est.
	Budgeted Surplus	<u>\$ 0</u>	

* Subject to downgrade pending sales tax analysis.

FY20 Proposed Expenditures

**Proposed General Corporate Fund Expenditures by Type
Fiscal Year 20 Beginning May 1, 2019**



Total Proposed = \$28,500,000

**Draft General Corporate Fund Budget Expenditures
FY20 Proposed Compared to FY19 Budget**

	Actual FY 17/18	Adopted Budget FY 18/19	Estimated FY 18/19	Proposed Budget FY 19/20	FY19/20 Proposed to FY18/19 Budget	
Personal Services	\$ 12,372,564	\$ 12,876,965	\$ 13,031,743	\$ 13,662,136	\$ 785,171	6.1%
Seasonal Help	46,510	50,574	38,905	47,374	(3,200)	-6.3%
Court Time	124,901	147,200	127,000	139,000	(8,200)	-5.6%
Overtime	865,770	717,450	784,975	791,750	74,300	10.4%
Group Insurance	1,678,172	1,857,241	1,713,127	1,843,723	(13,518)	-0.7%
IMRF	870,746	883,817	841,281	797,619	(86,198)	-9.8%
FICA	972,297	983,506	1,015,331	1,031,211	47,705	4.9%
Work Comp	312,132	312,132	312,132	312,132	-	0.0%
Unemployment	-	10,000	-	8,000	(2,000)	-20.0%
Police Pension	<u>2,072,751</u>	<u>2,434,978</u>	<u>2,434,978</u>	<u>2,625,502</u>	<u>190,524</u>	7.8%
Total Salaries & Wages	19,315,843	20,273,863	20,299,472	21,258,447	984,584	4.9%
Contractual Services	5,256,166	5,823,878	5,393,187	5,957,952	134,074	2.3%
Commodities	230,359	382,097	381,592	489,301	107,204	28.1%
Capital Outlay	<u>963,597</u>	<u>735,162</u>	<u>725,012</u>	<u>794,300</u>	<u>59,138</u>	8.0%
Subtotal	<u>\$ 25,765,965</u>	<u>\$ 27,215,000</u>	<u>\$ 26,799,263</u>	<u>\$ 28,500,000</u>	<u>\$ 1,285,000</u>	4.7%
Other - Transfer to Capital	-	445,000	-	-		
Total	<u>\$ 25,765,965</u>	<u>\$ 27,660,000</u>	<u>\$ 26,799,263</u>	<u>\$ 28,500,000</u>		

**General Fund Budget
FY20 Salaries & Wages**

- Personal Services (Salaries) shows an increase of 6.1% above the FY19 budget.
 - Total staffing proposed for FY20 is flat compared to FY19 authorized staffing levels.
 - 6.1% budgeted salary growth is overstated because estimated compensation adjustments for non-union and FOP classifications in the FY19 budget were not included in salary line items. These adjustments totaled an estimated \$375,000 of the budgeted \$445,000 “transfer to reserves”. When this is added to FY19 salaries, the percentage increase (year-over-year) YOY drops to 3.1%.
 - New in FY20, an additional \$200,000 has been budgeted for payment of accrued leave balances at retirement for “likely” retirements. If this is deleted, the YOY salary increase drops to 1.6%.
- Overtime
 - In FY19 we are tracking above budget, yet below FY18 actual expenses. FY20 budget is 10.4% above FY19 budget but also below FY18 actual expenses.
 - Actual overtime expenses are highly dependent upon shift coverage and in many cases the frequency and severity of weather related call-outs.
- Group Insurance
 - In FY19 we are tracking about 8% below budget due to vacancies and lower than anticipated premium renewals in July, 2018. We are assuming an 8% increase from FY19 estimate for FY20 (5% assumed premium adjustment + participant coverage election changes) so very little change from FY19 budget.
- Pensions
 - IMRF employer contribution rate decreased from 13.61% to 11.48% of payroll between 2018 and 2019. This will jump back up again in 2020 (FY21) due to IMRF lowering investment return assumption combined with poor investment performance in 2018.
 - Police Pension Fund contribution to increase by 7.8% or \$190,524 to a total of \$2,625,502 for FY20. FY20 contributions are 275% greater than 10 years ago. The fund currently has negative investment returns through 12/31/18 due to recent stock market volatility.
 - Growth in pension obligations continues to surpass natural revenue growth.
- Salaries & Wages Summary
 - No growth in total authorized staffing for FY20.
 - Compensation adjustments for all employee classifications included in proposed FY20 budget.
 - Total Salaries & Wages increase by 4.9% over FY19 budget.
 - Total Salaries & Wages costs increase of \$984,584 accounts for 77% of ALL General Fund budget increases in FY20.

Changes in Proposed Village Staffing - FY20

FY19 Authorized Positions **165.30**

Administration

- PT Secretary (19 hr/wk) (0.50)

Human Resources

- PT Secretary (25 hr/wk) (0.60)

+ HR Technician / Interdepartmental Aide 1.00
(assigned 50% to Administration)

Finance

- Accounting Manager	(1.00)
+ Assistant Finance Director	1.00
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Proposed FY20 Authorized Staffing 165.20

Net Change from FY19	(0.10)
% Change from FY19	-0.1%

Other

PW Facilities Tech (included and funded but frozen)	1.00
Engineering Technician (not included, not funded)	1.00

DEPARTMENT HIGHLIGHTS

Administration

- Village Board & Clerk
 - Legislative Board and Village Clerk budgets merged in FY20
 - Board / Executive Staff Goal Setting Workshop (\$5K)
 - Senior Council support contribution has been reinstated (\$10K)
 - Expanded codification services for UDO project (\$5K)
 - CATV/PEG Expense moved to IT budget for use of PEG fees (\$29K)
- Legal Services
 - General Counsel – Village Attorney
 - Labor Counsel
 - Village Prosecutor (DUI and Ord. Violations)
- Emergency Services
 - \$50K set aside for emergency management consulting.
 - \$100K placeholder for Village Hall modifications for accommodation of EOC.
- Administration
 - Drone aerial production services (\$4.5K)
- Municipal Building
 - Town Center
 - Complete replacement of fountain motor/pump systems (\$50K)
 - Upgrade fountain maintenance contract (+3K)
 - Municipal Center
 - Net decrease in overall budget of \$208K – no longer supporting rental charges from temporary facility.
 - Expanded janitorial services for renovated Municipal Center (\$60K)
 - Reinstate PM Contracts for various building systems (HVAC) (\$14K)

Information Technology

- Reduction in Personnel Services / Increase in Consulting
 - The IT Library Contractor was envisioned as an employee position in the FY19 budget. It was brought in as a contract position instead. This position, budgeted at \$90,000 is fully reimbursed by the Library.
- Board Agenda Management Software (\$15,000)
 - This has been previously budgeted but not implemented.

- Includes devices for Village Board use during meetings.
- Cartegraph operations & maintenance software has been moved to IT budget, previously split between Engineering, PW and Water/Sewer (\$53,000)

Increase in Capital Infrastructure planned in FY20

- Replacement phone system (previously deferred) (\$75,000)
- Network SAN (Storage Array) Replacement (\$50,000)
- Other scheduled server replacements (\$13,500)
- Microwave equipment and consulting (\$17,500)
 - This will connect VH and PW and provide reduction in current COMCAST fiber costs.

Human Resources

- Current 25 hr per week Secretary moved to FT, eliminating vacant 19 hr per week Secretary in Administration (split time between departments).
- Move Wellness Program in-house to reduce external costs while continuing to capture program rebates from our health insurance pool.

Financial Management

- Retirement of 3 long tenured (24, 25, 31 yrs.) FT employees during FY19 create budget savings for FY20:
 - One position split into two 19 hour/week positions to eliminate pension/health insurance costs.
 - Reclassified vacant positions with updated job description and market study, resulting in 17% reduced pay range minimum, while still attracting qualified candidates.
 - Rebalanced staff allocations with Water/Sewer Fund, creating some savings to General Fund.
- Outsource of vehicle sticker fulfillment for mail-back/internet sales to 3rd party vendor. Added cost (\$9,400) covered by sticker fee increase.
- Increases in printing, banking fees and postage are associated with vehicle sticker renewal costs that were not incurred last year (2-year cycle).

Engineering Services

- Requested new Engineering Technician not proposed to be filled at this time.
- Asset and Operations Management software costs (Cartegraph) moved to IT.
- “Right-Sized” Capital Improvement Plan considering funding shortages:
 - Pavement Preventative Maintenance Program
 - Flexible Pavement Program / Lies Road Rehab.
 - Schmale Road Water Main Replacement
 - Sanitary Sewer Condition Assessments (5 year contract)
 - Clearwater Court Storm Sewer Rehab.
- Return of previously deferred items such as stream maintenance, NPDES assistance, and stream sensors.

Community Development

- **Unified Development Ordinance (UDO)** – Begin two year project, led by CMAP (as a lower cost option to completing on our own), to update the Zoning Code (1987), Subdivision Code (1979) and Sign Code (1992), incorporating all three codes into a user-friendly UDO.
- **Contract Property Maintenance Inspector** – Continue use of contract services for seasonal (May to September) proactive property maintenance inspections.
- **Economic Development** – Pursue annexation of strategic properties near or adjacent to corporate limits.

Police Department

- Total staff and benefit cost adjustments represent 91% of all Police Department cost increases for FY20 (\$1M).
 - New FOP contract eff. 5/1/18
 - Sergeants (MAP) contract expires 4-30-19
 - Pension increase 7.8% (\$190K)
- Report writing software (DuJIS) replacement expected to “go-live” June 2019.
- 6 squad replacements (2 were deferred from last year).

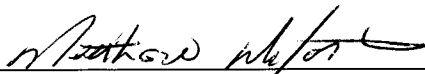
Public Works Department

- Facilities Technician
 - Approved but frozen in FY18 and FY19.
- Drone purchase and training/certification
 - Utilized for routine inspection of facilities and properties emergency/disaster assessments.
- Mulch purchase and installation on public properties (deferred from FY19).
- PWC space maximization and cost analysis
 - Rear storage yard/drainage, kitchen and locker room rehabs, front-entrance security and ADA improvements, flooring replacement (all projects deferred from prior fiscal years).
- Rehab two dump trucks
 - Large dump truck #75 (\$78,000).
 - 6-wheel dump truck #41 (\$81,000).
 - Deferring one other large dump truck (#73) that was scheduled for FY20 in favor of the two above which are in lesser condition.
- Replacement equipment
 - Purchase enclosed trailer for mowing equipment (deferred from prior year) = \$15,000
 - Replace two zero-turn mowers = \$41,000
 - Replace lightning detection unit at TC = \$30,000
 - Tree replacement
 - Reduced from 50 to 25 trees in FY19 due to revenue shortfall.
 - Increased back to 50 for FY20.

Public Works Director Phil Modaff requested to pre-order rehab of the dump trucks in the proposed FY20 budget. The Village Board concurred with the actual purchase being made after May 1, 2019.

There being no further business, Trustee Schwarze moved and Trustee Gieser made the second to adjourn the Special Board meeting. The meeting was adjourned unanimously at 7:01 p.m.

FOR THE BOARD OF TRUSTEES



 Matthew McCarthy, Mayor Pro Tem

ATTEST:



 Laura Czarnocki, Village Clerk