

**AGENDA
VILLAGE OF GLEN ELLYN
SPECIAL VILLAGE BOARD WORKSHOP
MONDAY, MARCH 21, 2011
6:00 P.M. – GALLIGAN BOARD ROOM
GLEN ELLYN CIVIC CENTER**

FY11/12 BUDGET WORKSHOP – PART II: CAPITAL & ENTERPRISE FUNDS

1. Call to Order
2. FY11/12 Budget Overview – Noller
 - Introduction
3. Budget overviews:
 - Recreation Fund – Pekarek (Section 9)
 - Capital Project Fund – Minix(Section 8)
 - Motor Fuel Tax Fund – Minix (Section 8)
 - Parking Fund – Minix (Section 7)
 - Water & Sewer Fund – Minix/Noller (Section 7)
 - Equipment Services Fund – Minix (Section 7)
 - Facilities Maintenance Reserve Fund – Schrader (Section 8)
 - Solid Waste Fund– Schrader (Section 2)
 - Debt Service Fund – Noller (Section 8)
 - Corporate Reserve Fund – Noller (Section 8)
 - Insurance Fund – Noller (Section 3)
4. Home Rule Sales Tax Discussion – Noller
5. Reminders
 - Monday, April 11 - Regular Village Board meeting. Budget public hearing.
 - Monday, April 25 - Regular Village Board meeting. Final budget adoption.
6. Adjournment

VILLAGE OF GLEN ELLYN - RECREATION DEPARTMENT

2011-12 BUDGET REVIEW WORKSHOP
March 21, 2011

I. How do our "Owners" (Village Residents) profit from the Village Links?

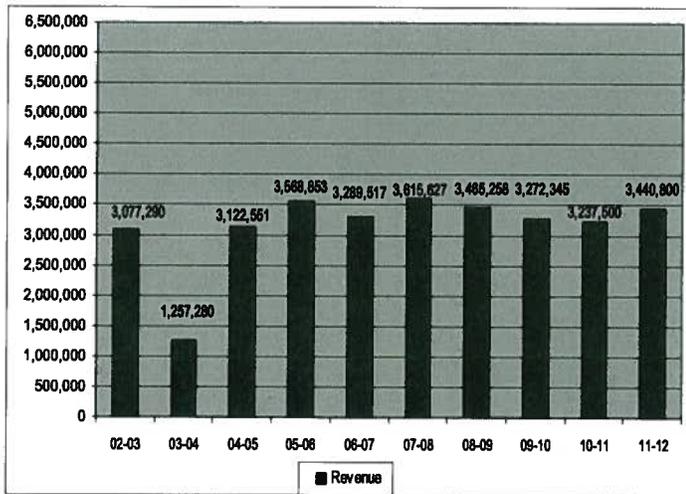
- A. Storm Water Detention - At no cost to the taxpayer.
- B. 40% Green fee discounts for residents
- C. Lambert Lake, Panfish Park, and Co-Op Park.

II. How do we pay for this? Profits from the non-resident golfer.

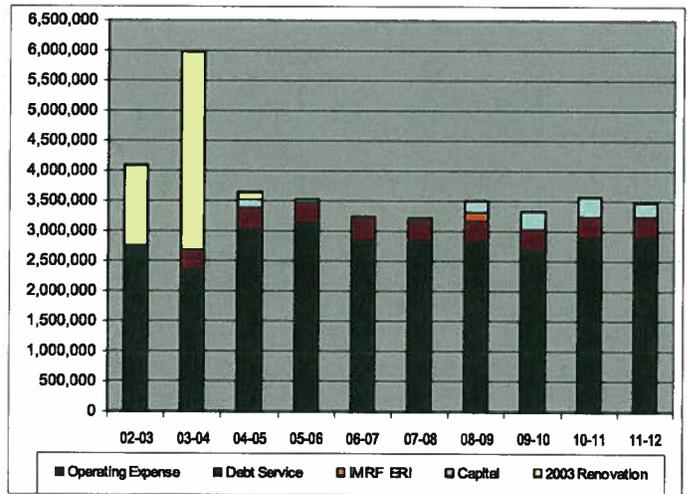
III. Financial Overview - FY 2011-12 Proposed Budget is another typical budget plan.

<u>Typical Year</u>	Revenue	\$ 3,400,000	<u>Last Five Years</u>	Operating Profits	\$ 2,600,000
	Operating Expenses	\$ 2,900,000		Debt Service Payments	\$ 1,700,000
	Debt Service	\$ 335,000		Capital Replacement	\$ 542,000
	Capital Expenditures	\$ 150,000 - \$300,000		Increase Cash Reserves	\$ 500,000
	Resident Golf Discounts	\$ 400,000		Resident Golf Discounts	\$ 2,000,000

10 Year Revenue History



10 Year Expense History



IV. Revenue

Revenues have been flat for the last ten years.
We have worked hard to increase revenues since a decline in golf demand that followed 9/11/01.
Mixed results in the face of continued declines in demand.

V. Expenses

We have constrained operating expenses to generate funds for capital replacement.
Staffing has been reduced by 45,000 man hours since 2001.
To fund debt service (\$335M) and capital replacement (\$231M), we need to keep Operating Expenses \$500M to \$700M below revenues.

VI. Capital

Managing capital replacement is key to the long term success of a golf course.

Capital replacement needs can be obscured by short term issues spanning a few years.

Failure to appropriately replace capital items erodes profitability by increasing operating costs, reducing customer service and reducing revenue.

VII. Feedback

Customers Set Priorities for where we focus attention and resources.

Customers point out our strengths and weaknesses.

Customers inspire us to do better.

Benchmarking - How are we doing with respect to the best of the golf industry?

Revenues

Expenses/Staffing

Profit & Loss

Level of Resident Green Fee Discount

VIII. What is the State of the Links?

Popular

One of Glen Ellyn's most heavily used recreation facilities

One of the busiest public golf courses in the area

Profitable - One of the few publicly owned golf courses that does not require a tax subsidy.

Under Duress

Golf Demand is Down

Price Competition is Widespread

In Great Shape

Facilities & Infrastructure are in Excellent Condition

Strong Cash Reserves

Interoffice Memorandum

to: Terry Burghard, Interim Village Manager
from: Bob Minix, Professional Engineer *BM*
subject: Capital Projects Fund - Budget Highlights – FY12
date: March 15, 2011

The long-term street rehabilitation program calls for a couple of major projects to be constructed during the 2011 construction season (funded in the FY12 budget): the Sunset / Turner and Essex Court / Grand / Lake projects. A new lighting system will be installed in Braeside, partially funded with a Community Development Block Grant. Design engineering for the reconstruction of the entire Hawthorne corridor in the Village will be performed in FY12, with construction slated for FY13.

Overview

The following table provides a summary of the recent and projected FY12 Water and Sanitary Sewer Fund expenditures. Major category expenses are broken out to highlight important items.

FUND #	PUBLIC WORKS DEPARTMENT EXPENDITURE TOTALS	FY 09/10 ACTUAL	FY 10/11 REVISED BUDGET	FY 10/11 ESTIMATED ACTUAL	FY 11/12 BUDGET
400	Capital Projects Fund - Total	\$4,414,206	\$7,558,603	\$5,621,700	\$5,805,000
	Construction Projects	\$613,778	\$1,187,193	\$86,000	\$940,000
	Street Program	\$3,339,606	\$5,805,521	\$5,224,000	\$4,450,000
	Contract Street Maintenance	\$181,146	\$166,624	\$82,000	\$225,000
	Sidewalk Program	\$81,371	\$175,228	\$33,000	\$50,000
	Other	\$198,305	\$224,037	\$196,700	\$140,000
	Capital Projects Fund – Revenues	\$4,208,424	\$4,802,000	\$4,376,000	\$4,737,000

Revenues (page 8-2)

- Drop in Telecommunications
- Continued depressed Real Estate Transfer
- Growing importance of Property Tax

Projects

FY11 Street Program Recap (page 8-9, footnote 13) – Three major roadway improvements projects were completed in 2010, two with the help of federal monies.

FY12 Construction Projects – (page 8-7, footnote 10, FY 12) – The Braeside lighting project will be constructed using \$300,000 in CDBG funds (**\$650,000**). If a January 2011 application is successful for IKE-PI disaster relief funds, engineering would begin this year (**\$50,000**) for a FY13 project to install a rear-yard drainage system in Braeside (**\$710,000 construction cost offset by \$570,000 in grant monies**).

FY12 Street Program (page 8-11, footnote 13, FY12) – Major projects include the Sunset / Turner project (**\$2,400,000 capital; \$600,000 water; \$600,000 sanitary sewer**) and the Essex Court / Grand / Lake project featuring upgraded storm sewers to alleviate flooding in Essex Court (**\$1,800,000 capital; \$285,000 water; \$305,000 sanitary sewer**). Design engineering will begin in FY12 for the Hawthorne Corridor Improvements project (**\$250,000 capital; \$35,000 water; \$65,000 sanitary sewer**).

Deferred / Delayed Projects

Cash flow considerations will again dictate the implementation of some discretionary-type projects that are currently being deferred until adequate reserves can be assured.

- Delayed due to property acquisition process: Right-turn lane on Lambert at Roosevelt Road (**\$180,000**)
- Deferred: Crescent Boulevard Sidewalk (**\$190,000**)
- Deferred: Nicoll Way Bridge Repairs (**\$100,000**)
- Deferred: Engineering for Park Boulevard (north of Roosevelt Road) Improvements (**\$80,000**)
- Concrete street diamond grinding and sealing (Main street between Fairview and Hillside)

Long-Term Fund Status

The long-range Capital Fund plan is attached hereto with estimated revenues and expenses shown through FY21.

cc: Jeff Perrigo, Interim Public Works Director
Larry Noller, Interim Finance Director
Kristen Schrader, Assistant to the Village Manager, Administration

Village of Glen Ellyn
Capital Projects Fund - Long Term Financial Plan

Line #	Revenue & Expense Description	FY08/09 Actual	FY09/10 Actual	FY10/11 Est.	FY11/12 Budget	FY12/13 Planned	FY13/14 Planned	FY14/15 Planned	FY15/16 Planned	FY16/17 Planned	FY17/18 Planned	FY18/19 Planned	FY19/20 Planned	FY20/21 Planned	FY11/12 FY20/21 Totals
	Revenue (000's)														
1	Property Taxes	0	933	985	1,530	1,615	2,785	3,520	3,696	3,881	4,075	4,279	4,493	4,718	34,592
2	Telecommunication Tax	1,369	1,330	1,250	1,200	1,224	1,248	1,273	1,299	1,325	1,351	1,378	1,406	1,434	13,140
3	Electricity Use Tax	1,008	956	975	975	995	1,014	1,035	1,055	1,076	1,098	1,120	1,142	1,165	10,676
4	Natural Gas Use Tax	296	337	300	300	306	312	318	325	331	338	345	351	359	3,285
5	Real Estate Transfer Tax	363	375	400	400	420	441	463	486	511	536	563	591	621	5,031
6	Community Development Block Grant	0	90	11	300	670	0	0	0	0	0	0	0	0	970
7	Stormwater Ordinance (fee-in-lieu)	0	27	0	0	10	10	10	10	10	10	10	10	10	90
8	Interest Income	28	10	8	5	5	5	5	5	5	5	5	5	5	50
9	Vacation of Right-of-Way	0	135	15	0	0	0	0	0	0	0	0	0	0	0
10	Miscellaneous Revenue	12	15	432	27	30	30	30	30	30	30	30	30	30	297
11	IFT / General Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12	IFT / Sanitary Sewer Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Operating Transfer / General Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	Operating Transfer / Corp. Reserve	3,000	0	0	0	0	0	0	0	0	0	0	0	0	0
15	TOTAL REVENUES	6,076	4,208	4,376	4,737	5,275	5,846	6,655	6,906	7,169	7,443	7,730	8,029	8,341	68,131
	Expenses (000's)														
16	Legal - General Council	18	4	12	15	15	15	15	15	15	15	15	15	15	150
17	Audit Fees	0	0	2	0	0	0	0	0	0	0	0	0	0	0
18	Contract Street Maintenance	183	181	82	225	310	160	640	180	180	345	180	180	180	2,580
19	Professional Services Other	8	10	9	9	10	10	10	10	10	10	10	10	10	99
20	Construction Projects	3,070	614	85	940	850	250	0	0	0	0	0	0	0	2,040
21	Engineering Studies	53	16	4	0	0	0	0	0	0	0	0	0	0	0
22	2000 Referendum Projects	710	58	0	0	0	0	0	0	0	0	0	0	0	0
23	Real Estate Purchases	7	0	0	0	0	0	0	0	0	0	0	0	0	0
24	Sidewalk Program	49	81	33	50	240	50	50	50	50	50	50	50	50	690
25	Street Program	1,824	3,340	5,224	4,450	3,619	4,522	5,618	7,767	9,286	5,296	6,036	7,207	5,211	59,012
26	Utility Undergrounding	0	0	57	0	0	0	0	0	0	0	0	0	0	0
27	IFT / General Fund Engineering	106	110	113	116	119	123	127	130	134	138	143	147	153	1,330
28	IFT / Debt Service Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0
29	TOTAL EXPENSES	6,028	4,414	5,621	5,805	5,163	5,130	6,460	8,152	9,675	5,854	6,434	7,609	5,619	65,901
30	Cash on Hand 5/1	2,916	2,964	2,758	1,514	446	557	1,273	1,468	222	(2,285)	(696)	3,236	4,034	
31	Gain/Loss FY	48	(206)	(1,245)	(1,068)	111	716	195	(1,246)	(2,506)	1,589	1,296	420	2,723	
32	Cash on Hand 4/30	2,964	2,758	1,514	446	557	1,273	1,468	222	(2,285)	(696)	601	3,656	6,757	

Interoffice Memorandum

to: Terry Burghard, Interim Village Manager
from: Jeffrey D. Perrigo, Interim Public Works Director
subject: Parking/ESD/MFT Funds - Budget Highlights – FY12
date: March 15, 2011

The FY12 budget will be another challenging one for the Public Works Department. The current economic decline has forced us to make some very difficult decisions over the past three or four years. Our focus has been on retaining as many of the core functions that our residents expect from us. Our proposed budget continues on this path of providing the absolute bare necessities. The Public Works Department will maintain our current staffing level of 32 (28 FT, 4PT), which is a 20% drop from the peak in the mid-nineties.

At this time I would like to highlight a few of the significant items included in the proposed budget that will be presented to the Village Board at the upcoming Budget Workshop scheduled for March 21.

Public Works – Parking, Equipment Services and Motor Fuel Tax Funds Overview

Public Works Expenditures Totals – The table provides a summary of the three funds for discussion and included in the proposed FY12 Public Works Department budget. The proposed budget for Public Works Parking/ESD/MFT Funds programs is \$2,359,100, about \$355,000 less than the FY11 Revised Budget, or about a 13% reduction. These funds make up just less than 11% of the total Public Works Budget.

FUND #	PUBLIC WORKS DEPARTMENT EXPENDITURE TOTALS	FY 09/10 ACTUAL	FY 10/11 REVISED BUDGET	FY 10/11 ESTIMATED ACTUAL	FY 11/12 BUDGET
530	Parking Fund	352,358	361,540	362,900	383,800
650	Equipment Services Fund (ESD)	1,455,591	1,543,300	1,843,950	1,219,300
210	Motor Fuel Tax Fund (MFT)	1,248,126	810,000	755,000	756,000
	General Fund	\$3,056,075	\$2,714,840	\$2,961,850	\$2,359,100

Parking Fund

The Parking Fund budget for FY12 is mainly comprised of two items; (1) Maintenance / Buildings and Grounds and (2) Professional Services/Other.

Maintenance / Buildings and Grounds – (Page 7-27, footnote 1)

Parking lot maintenance covers the day-to-day operations of the parking lots as well as the continued efforts to complete the parking lot rehabilitation program begun a few years ago. This year's rehabilitation program will include the sealing coating and restriping of many of the parking lots, as well as the construction oversight for the work. **(\$128,000)**

Professional Services / Other – (Page 7-27, footnote 2)

Professional Services will cover the design and engineering for a newly reconstructed Duane/Lorraine Parking Lot. With the new parking lot design, environmentally friendly concepts will be reviewed and implemented as appropriate. **(\$75,000)**

Equipment Services Fund

The Equipment Services Fund budget essentially covers the purchase, maintenance and replacement of Village vehicles and equipment. Nearly half of budget for FY12 is dedicated to the purchase of new vehicles and gas and oil.

Gas & Oil – (page 7-56, footnote 10)

This item provides for the purchase of fuel and oil that supports the Village, Glenbard Wastewater Authority, Volunteer Fire Company and Park District vehicles. Assumed is an overall purchase price of \$2.65/gallon for unleaded fuel and \$2.75/gallon for diesel fuel. The current rates are somewhat higher than those currently budgeted. However, it is not our practice to budget for the worse-case-scenario, but rather to take a broad look at the commodities futures. **(\$305,000)**

Capital Outlay – FY12 Vehicle Purchases – (page 7-56, footnote 12)

Vehicle Purchases includes the purchase of six vehicles and the lease of one motorcycle: four of the vehicles and the motorcycle are for the police department and the other two vehicles are for public works. **(\$291,500)**

Capital Outlay-Equipment – FY11 – (page 7-58)

Provides for the replacement of the fuel island located at the Reno Center. The cost of the new fuel island will be funded via charges to other Village funds and other users of the fuel station over a 20-year period. Initial funding of the facility will come from the equipment reserve fund. **(\$350,000)**

Equipment Services Fund – DEFERRED ITEMS (Page 7-58)

The purchase/replacement of a total of ten vehicles is currently being deferred due to low mileage/hours and/or they are in overall good shape. Much of the credit for these vehicles being in such good shape belongs with the mechanics. Our mechanics provide excellent service and credit should be attributed to them. **(\$276,450)**

Motor Fuel Tax Fund

The Motor Tax Fuel Fund budget for FY12 is mainly comprised of three items; (1) Street Lighting, (2) IFT/General Fund, and (3) Road Salt. The use of MFT funds is restricted to specific road-related construction and maintenance activities administered by IDOT. Traditionally, the Village has allocated most of available MFT funding to reimburse the General Fund for street maintenance activities.

Street Lighting – (Page 8-29, footnote 3)

Street lighting energy costs associated with all street lights in the Village are eligible for MFT funding. **(\$156,000)**

IFT/General Fund – (Page 8-29, footnote 4)

The General Fund is reimbursed with MFT funds for costs associated with street maintenance, equipment expenses including snow and ice control and street sweeping. **(\$400,000)**

Road Salt – (Page 8-29, footnote 5)

MFT funding will cover the anticipated road salt required during a typical winter season. **(\$200,000)**

There may be other items in the budget that are of interest to the Board. Those listed above are items that reflect either changes from this year's budget or are bigger-ticket items for the coming year. We look forward to discussing the Parking, Equipment Services and Motor Fuel Tax Fund budgets with the Village Board at the March 21, 2011 Special Village Board Workshop.

cc: Bob Minix, Professional Engineer
Dave Buckley, Assistant Public Works Director
Larry Noller, Interim Finance Director
Kristen Schrader, Assistant to the Village Manager - ADM

Glen Ellyn Public Works Department

Interoffice Memorandum

to: Terry Burghard, Interim Village Manager
from: Bob Minix, Professional Engineer *BM*
subject: Water & Sewer Fund - Budget Highlights - FY12
date: March 15, 2011

The FY12 Water and Sanitary Sewer budgets continues to be challenged with increases associated with the purchase of Lake Michigan water and for funding of the Glen Ellyn share of the Glenbard Wastewater Authority. While overall expenditures in the funds are anticipated to decrease due to a somewhat lighter year for capital project expenditures than in FY11 (where significant use of available cash was required to support programs and improvements), another rate increase will be required in order to maintain adequate reserve funds in the coming years.

Overview

The following table provides a summary of the recent and projected FY12 Water and Sanitary Sewer Fund expenditures. Major category expenses are broken out to highlight important items.

FUND #	PUBLIC WORKS DEPARTMENT EXPENDITURE TOTALS	FY 09/10 ACTUAL	FY 10/11 REVISED BUDGET	FY 10/11 ESTIMATED ACTUAL	FY 11/12 BUDGET
510	Water Fund - Total	\$4,479,413	\$5,443,211	\$5,220,500	\$4,701,700
	Personnel	\$505,605	\$546,300	\$546,300	\$560,900
	Contractual Services	\$768,844	\$941,175	\$835,100	\$963,000
	Commodities	\$1,524,953	\$1,993,100	\$1,900,100	\$2,072,700
	Water Purchase	\$1,511,644	\$1,976,000	\$1,833,000	\$2,055,000
	Capital Outlay	\$1,680,011	\$1,962,636	\$1,939,000	\$1,104,500
	Capital Projects	\$1,669,449	\$1,817,900	\$1,788,000	\$1,058,000
	Equipment	\$10,562	\$144,736	\$151,000	\$46,500
	Sanitary Sewer Fund - Total	\$5,876,947	\$6,722,558	\$6,463,500	\$5,909,700
	Personnel	\$479,833	\$517,600	\$517,600	\$531,300
	Contractual Services	\$3,464,318	\$3,982,836	\$3,865,400	\$4,036,800
	Glenbard Wastewater	\$2,524,833	\$2,872,000	\$2,925,000	\$3,020,000
	Commodities	\$9,749	\$15,100	\$11,500	\$15,100
	Capital Outlay	\$1,923,047	\$2,207,022	\$2,069,000	\$1,326,500
	Capital Projects	\$1,914,404	\$2,198,022	\$2,060,000	\$1,280,000
	Equipment	\$8,643	\$9,000	\$9,000	\$46,500

Issues and Initiatives – Water Distribution System

Lake Michigan Water Cost (page 7-39, footnote 11) – The DuPage Water Commission charge to the Village will increase by 10% on May 1, 2011 (from \$2.08 to \$2.29 per thousand gallons). The cost of Lake Michigan water will continue to increase in the coming years to offset the loss of the County-wide sales tax contributions to the DWC in 2016.

Professional Services – Valve Inventory & Exercising – (page 7-39, footnote 10)

A one-year program is proposed to GPS-locate and exercise all 1,400 valves in the distribution system using a contractor. (\$62,000)

Newton Elevated Tank Maintenance (page 7-41, footnote 12, FY12 Capital Projects, Item c.) – Proposal to enter into a long-term maintenance agreement with Utility Service Company, similar to the 2008 agreement for the Cottage Elevated Tank. USC would immediately repair failed interior and exterior coatings and install a tank mixer to improve cold weather operations. (\$128,000 representing the first of five consecutive years of higher annual payments to pay for the recoating work performed in 2011)

Standby Water Supply (page 7-41, footnote 13, FY12 Budget) – Upgrade of chemical injection systems at all pumping stations to insure adequate disinfection of water from DWC or from the emergency standby wells. (\$43,000)

Issues and Initiatives – Sanitary Sewer System

Glenbard Wastewater Authority (page 7-44, footnote 7) – Funds the Glen Ellyn portion of wastewater treatment plant operations and capital expenses. Glen Ellyn and Lombard continue to investigate the appropriate allocation of Authority expenses. The proposed GWA expense is approximately 20% higher than two years ago. (\$3,020,000)

I/I Reduction (page 7-46, footnote 13.c) – The 2-year Sanitary Sewer Evaluation Study has been completed for the central section of the Village. The SSES has identified numerous deficiencies in the sanitary sewer collection system that lead to excess levels of infiltration and inflow, particularly during storm events. (\$300,000)

South Park Lift Station Upgrades (page 7-47, footnote 16, FY12 Budget) – A project to extend the useful life of the station in the short term involves the relocation of the station control panel to ground level to upgrade the equipment, achieve easier access and provide more room for maintenance operations inside the below-ground station (\$43,000)

Long-Term Fund Status

The long-range Water/Sanitary Sewer Fund plan is attached hereto with estimated revenues and expenses shown through FY21.

cc: Jeff Perrigo, Interim Public Works Director
Larry Noller, Interim Finance Director
Kristen Schrader, Assistant to the Village Manager, Administration

Village of Glen Ellyn
Long-Range Water / Sanitary Sewer Fund Plan

Line #	Revenue & Expense Description													Totals	
	FY09/10	FY10/11	Budget	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19	FY19/20	FY20/21	FY11/12	FY19/20
	Actual	Est.		Planned											
Revenue (000's)															
1	4,423	5,070	5,283	5,441	5,605	5,773	5,946	6,124	6,308	6,497	6,692	6,893	60,564		
2	3.5%	18.8%	5.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%		
3	3,593	3,800	4,085	4,208	4,334	4,464	4,598	4,736	4,878	5,024	5,175	5,330	46,830		
4	3.5%	10.0%	10.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%		
5	553	504	525	541	557	574	591	609	627	646	665	685	6,019		
6	348	336	365	400	424	437	450	464	478	492	507	522	4,586		
7	293	295	295	295	295	295	295	295	295	295	295	295	2,950		
8	110	59	178	148	163	171	180	189	198	208	219	230	1,862		
9	34	9	7	10	15	20	25	30	35	40	45	50	277		
10	0	584	24												
11	80	60	20	20	20	25	25	30	30	35	35	40	280		
12	97	97	97	97	97	97	97	97	97	97	97	97	970		
13	0	0	0	0	0	0	0	0	0	0	0	0	0		
14	9,500	10,381	10,860	11,179	11,510	11,856	12,207	12,573	12,946	13,334	13,730	14,142	124,337		
Expenses (000's)															
Operation & Maintenance (O&M) Expenses															
15	567	506	546	578	595	613	631	650	670	690	711	732	6,431		
16	541	480	518	531	547	563	580	596	616	634	653	693	6,087		
17	808	769	835	884	923	951	979	1,009	1,038	1,070	1,102	1,135	10,068		
18	978	939	940	1,017	1,048	1,080	1,112	1,145	1,180	1,215	1,252	1,289	11,355		
19	17	13	17	18	19	19	20	20	21	22	22	23	202		
20	14	10	12	15	16	16	17	17	18	18	19	20	172		
21	1,270	1,512	1,863	2,055	2,117	2,180	2,246	2,300	2,300	2,300	2,300	2,300	22,397		
22	2,580	2,525	2,925	3,020	3,111	3,204	3,300	3,399	3,501	3,606	3,714	3,826	34,821		
23	6,773	6,754	7,676	8,181	8,298	8,548	8,805	9,056	9,259	9,467	9,682	10,132	91,334		
24	Estimated Capital Project Expenses based on an inflation rate of 3%														
25	1,132	1,669	1,788	1,893	1,944	2,000	2,060	2,124	2,191	2,261	2,332	2,406	14,854		
26	1,643	1,914	2,080	1,791	1,138	1,887	1,076	1,759	862	1,082	1,500	2,000	14,375		
27	4	11	151	47	25	25	25	25	25	25	25	25	272		
28	0	9	9	25	25	25	25	25	25	25	25	25	272		
29	2,779	3,603	4,008	2,432	3,145	2,820	2,800	3,590	2,170	2,059	3,050	4,050	29,573		
30	9,553	10,357	11,684	11,444	11,368	12,262	11,856	12,649	11,637	11,741	12,954	14,182	120,907		
31	3,392	3,340	2,948	1,645	1,893	1,628	1,363	1,714	1,439	2,747	4,340	5,116			
32	(53)	(392)	(1,303)	248	(265)	142	(406)	351	(275)	1,308	776	(40)			
33	3,340	2,948	1,645	1,893	1,628	1,363	1,714	1,439	2,747	4,340	5,116	5,076			
34	RESERVE POLICY AMOUNT = 25% OF O&M EXPENSES:														
		1,919	2,045	2,075	2,137	2,201	2,264	2,315	2,367	2,421	2,476	2,533			

MEMORANDUM

TO: Terry Burghard, Interim Village Manager
FROM: Kristen Schrader, Assistant to the Village Manager – ADM
DATE: March 15, 2011
RE: FY 11/12 Budget Workshop – Part II: Capital & Enterprise Funds

Residential Solid Waste Fund section 2, page 26

- Enterprise fund pays for weekly refuse and recycling collection of approximately 7,200 households and branch and brush collection May through October
- Current refuse and recycling contract with Allied Waste (approved in 2005) was extended through July 31, 2012 with a 2% increase in FY 11/12
- Market for the sale of recycled materials, which plummeted in late 2008, has been trending upward in FY 10/11 with the hopes of continuing in FY 11/12
- While the market for the sale of recycled materials has picked up, a 5% customer rate increase beginning August 1, 2011 has been included in the draft budget to help close the gap between the cost of providing these services and revenues received from customer billings
- Should the market for the sale of recycled materials continue to trend upward in FY 11/12, the Village may have the option to consider forgoing the proposed 5% increase later this summer

Facilities Maintenance Reserve Fund section 8, page 16

- Capital replacement fund for Village buildings including Civic Center, Reno Center, Fire Stations 1 & 2 and History Park Properties
- Building components covered under this fund include building envelope, environmental controls and equipment, interior finishes, plumbing and fire protection and a variety of site elements
- Due to insufficient General Fund revenues, scheduled transfers to this fund have been postponed for the third consecutive year
- Two expenditures from the FACM Reserve Fund are proposed in FY 11/12:
 - Replacement of Fire Station #1 Generator: \$26,000
 - Electrical Service Upgrades – Civic Center Second Floor: \$4,000

FISCAL YEAR 2011/12 BUDGET REVIEW

March 21, 2011

BUDGET HIGHLIGHTS

Finance Department – Part 2

Debt Service Fund

- Debt Service Fund accounts for Village bond payments with the exception of the Village Links golf course renovation bonds. The Links bonds are paid out of the Recreation Fund using golf fees.
- FY11/12 Debt Service Fund payments drop \$520,000 or 24%.
- FY10/11 included final payment of the 2001 bonds issued as part of the \$18 million referendum for storm sewer improvements.
- Property tax savings from the paid off bonds will be reallocated to the Capital Projects Fund to maintain Village's 20 year street replacement program.
- Village refinanced \$6.32 million of Village, Library and Village Links debt in November 2010 which will lower Debt Service Fund interest costs by \$58,000 over the next two years.
- The Village will complete payment on all bonds (except Village Links) by 2014.

Corporate Reserve Fund

- Historical Society, along with an anonymous donor, completed reimbursing the Village for the purchase of the 820 N. Main property during FY10/11.
- Village purchased the 825 N. Main property for redevelopment purposes in FY10/11.

Insurance Fund

- Health insurance costs are budgeted to increase approximately 11% in July 2011.
- Due to costs savings from health plan benefits adjustments made in July 2010 and favorable liability experience, the Insurance Fund is projected to finish FY10/11 with a \$175,000 surplus.
- If actual premiums for health and liability insurance come in at or below estimates for FY11/12, we will consider rebating a portion of the FY10/11 surplus to contributing funds and agencies.

MEMORANDUM

DATE: March 14, 2011
TO: Terry Burghard, Interim Village Manager
FROM: Larry Noller, Interim Finance Director 
SUBJECT: Annual Home Rule Sales Tax Review

Recommendation

Maintain the Village's Home Rule Sales Tax at the current 1% level.

Background

On March 30, 2009, the Village Board approved Ordinance No. 5740, establishing a new 1% home rule sales tax (HRST). This was in response to significant declines in revenues combined with sharp increases in mandatory pension funding requirements stemming from the worst recession since the Great Depression. Although significant cutbacks in spending were implemented, including staff reductions, this new revenue stream was necessary to sustain the level of services provided to the community. Concurrent with the adoption of the 1% home rule sales tax, the Village Board adopted Ordinance No. 5741, *An Ordinance Providing for an Annual Review and Specific Uses of Home Rule Retailer's Occupation Tax and Service Occupation Tax*, which defines specific uses for the home rule sales tax and also requires annual Village Board review of the tax.

Specifically, the home rule sales tax may be used for the following:

1. Maintain funding requirements of Glen Ellyn's Police Pension Fund and Illinois Municipal Retirement Fund obligations as mandated by the State of Illinois;
2. Maintain adequate cash reserves as determined by Village financial policies;
3. Provide a dedicated funding source for downtown revitalization efforts through the designation of up to 15% of the revenues to fund improvements to the Central Business District.

Issues

Based on current estimates, the HRST revenue for FY10/11 will be sufficient to cover required pension cost obligations, however, our projected cash reserves will be below the 25% minimum policy level at the end of the fiscal year.

FY10/11

Pensions

Estimated HRST Revenue	\$	1,690,000
Estimated IMRF Contributions (General Fund)		(346,900)
Police Pension Contribution		<u>(943,000)</u>
Revenue Surplus	\$	<u>400,100</u>

Cash Reserves

Available May 1, 2010	\$	4,203,178
Less Developer Deposits (2-28-11)		(847,852)
Less Encumbrances (2-28-11)		(211,866)
FY10/11 Projected Inflow/(Outflow)		<u>-</u>
Projected Cash Reserves April 30, 2011		3,143,460 *
Less 25% Minimum Reserve		<u>(3,714,000)</u>
Cash Reserve Deficiency	\$	<u>(570,540)</u>

* Equivalent to 21% Reserve Level

Looking to the new FY11/12 budget year, estimated HRST revenues will again exceed estimated pension costs by about \$295,000 and our projected cash reserve balance will continue to be below our minimum 25% policy reserve level. This takes into account the transfer of approximately \$210,000 in cash reserves as part of the consolidation of the Special Programs Fund into the General Fund.

FY11/12

Pensions

Estimated HRST Revenue	\$	1,720,000
Estimated IMRF Contributions (General Fund)		(389,400)
Police Pension Contribution		<u>(1,036,000)</u>
Revenue Surplus	\$	<u>294,600</u>

Cash Reserves

Projected Available May 1, 2011	\$	4,203,178
Transfer of Reserves from Special Programs Fund		210,000
Less Estimated Developer Deposits		(850,000)
Less Estimated Encumbrances		(150,000)
FY11/12 Projected Gain/(Loss)		<u>-</u>
Projected Cash Reserves April 30, 2012		3,413,178 *
Less 25% Minimum Reserve		<u>(4,002,000)</u>
Cash Reserve Deficiency	\$	<u>(588,822)</u>

* Equivalent to 21% Reserve Level

Other Considerations

- FY10/11 revenue from income tax, building permits and interest has declined by over \$1.1 million compared to FY07/08. In the same period, state mandated pension contributions have increased by about \$425,000.
- I have attached a chart showing the projected HRST revenue versus pension costs for the next five years. Based on the assumptions used in the Finance Commission's Five Year Forecast, pension costs will exceed the HRST by FY15/16.

- IMRF had another positive investment year in 2010 with a 13% return. This will help mitigate further increases due to the large losses the fund experienced in 2008. If IMRF continues to experience returns above their actuarially assumed return of 7.5% our future contribution costs will be lower than currently projected.
- We have been considering the need to reduce the Police Pension actuarial interest rate assumption to a more realistic figure (from 7.5% to 7.0%) based on actual results over the last 10 years. The actuarial cost of this contemplated change to the FY10/11 budget was an additional \$173,000 contribution.
- I have attached a chart with our estimated cash reserve levels for the next five years based on the Five Year Forecast assumptions. While our revenue and expenditure growth assumptions in the Five Year Forecast project deficits, it is reasonable to assume that we will continue to balance our General Fund and I do not expect significant declines in our cash reserves. However, unless we occasionally generate a significant surplus in our General Fund, cash reserves will not grow in line with our operating budget as needed to maintain our policy of 25% of operating expenditures.
- We have not made any transfers to our Facilities Maintenance Reserve Fund for three years in a row (total of \$525,000). When considering the HRST, we should restore funding of this transfer prior to determining that the cash reserve level has been fully satisfied.
- The ordinance provides for the ability to transfer up to 15% of HRST proceeds for the implementation of revitalization efforts in the downtown. Based on projected FY11/12 HRST revenues, this figure would be \$258,000. The General Fund budget is presently balanced and any desired use of these funds for downtown revitalization efforts would require additional corresponding budget cuts from other areas.
- Glen Ellyn's sales tax revenue is currently up 6% in FY10/11. While it is impossible to determine exactly what effect the HRST has had on local sales, it does not appear to have significantly dampened overall sales.
- Any changes in the current 1% HRST would only be implemented by the Illinois Department of Revenue on July 1 or January 1. Official notification via Village Board action would be required prior to April 1 for a July 1 implementation or October 1 for a January 1 implementation.

Action Requested

Discussion at the Village Board level concerning the status of the 1% home rule sales tax and to build consensus on any actions desired at this time. We have scheduled the annual review of the HRST for the Village Board workshop meeting beginning at 6:00 pm on Monday, March 21.

Attachments

Ordinance 5741

Five year projected HRST revenue versus pension costs

Five year projected cash reserves versus minimum reserve target

**Supplemental Agenda Information
Village of Glen Ellyn**

Agenda Item Supplemented by Commentary

X	Pros & Cons
X	Strategic Action Goal - RESOLVE FUNDING CHALLENGES
	Downtown Strategic Plan Goal
X	Budget Impact/Return on Investment
	Process Improvement
	Green Initiative
	Communication Initiative
	Safety/Liability/Risk Assessment Comparable Community Info Other

Comments:

Based on management’s recommendation to maintain the HRST at its current 1% level, pros and cons are as follows:

Pros

Preserves Village service levels as presently proposed in the FY11/12 draft budget.

Continues to cover pension obligations and prevents Village cash reserve balances from deteriorating further below minimum policy levels by the end of FY11/12.

Continues to provide a multi-year funding source to accommodate expenses anticipated in FY11/12 and beyond.

Continuation of the HRST is one step towards achieving our strategic planning goal of “resolving our long-term funding challenges”.

Cons

Shoppers in Glen Ellyn will continue to pay additional sales taxes on purchases.

Village of Glen Ellyn

Ordinance No. 5741 - VC

**An Ordinance Providing for an Annual Review and
Specific Uses of Home Rule Retailers'
Occupation Tax and Service Occupation Tax**

Adopted by the
President and Board of Trustees
of the
Village of Glen Ellyn,
DuPage County, Illinois
This 30 Day of Mar., 20 09.

Published in pamphlet form by the authority of the
President and Board of Trustees of the Village of
Glen Ellyn, DuPage County, Illinois, this 31
day of Mar., 20 09.

ORDINANCE NO. 5741 -VC

AN ORDINANCE PROVIDING FOR AN ANNUAL REVIEW AND
SPECIFIC USES OF HOME RULE RETAILERS'
OCCUPATION TAX AND SERVICE OCCUPATION TAX

Whereas, the Village of Glen Ellyn is a home rule unit under subsection (a) of Section 6 of Article VII of the Illinois Constitution of 1970; and

Whereas, subject to said Section, a home rule unit may exercise any power and perform any function pertaining to its government and affairs for the protection of the public health, safety, morals and welfare; and

Whereas, the Village has approved a home rule retailers' occupation tax and home rule service occupation tax; and

Whereas, the tax was imposed in order to provide a new revenue source necessary to fund and maintain public services to the community; and

Whereas, the tax was approved during a period of financial stress necessitating additional revenues; and

Whereas, the Village has determined that favorable economic conditions may result in the elimination or reduction of this tax at some point in the future; and

Whereas, an annual Village Board review and certain restrictions are hereby imposed upon this tax in order to insure future collection of this revenue is only continued if necessary.

Now, therefore, be it ordained by the President and Board of Trustees of the Village of Glen Ellyn, DuPage County, Illinois, in the exercise of its home rule powers as follows:

SECTION ONE: Chapter 32 of the Glen Ellyn Village Code shall be amended by adding a new Chapter 3-32-8 (D) as follows:

3-32-8 (D) Home Rule Municipal Retailers' Occupation Tax and Home Rule Service Occupation Tax – Use of Funds.

Revenues generated from the Home Rule Municipal Retailers' Occupation Tax and Home Rule Service Occupation Tax are intended to maintain funding requirements of Glen Ellyn's Police Pension Fund and Illinois Municipal Retirement Fund obligations as mandated by the State of Illinois; to maintain adequate cash reserves as determined by adopted financial policies; and to provide a dedicated funding source for downtown revitalization efforts through the designation of up to 15% of the revenues to fund improvements to the central business district.

SECTION TWO: Chapter 32 of the Glen Ellyn Village Code shall be amended by adding a new Chapter 3-32-8 (E) as follows:

3-32-8 (E) Home Rule Municipal Retailers' Occupation Tax and Home Rule Service Occupation Tax – Annual Village Board Review

Prior to May 1, 2010, and prior to each subsequent May 1, the Village Board shall review the uses of the Home Rule Municipal Retailers' Occupation Tax and Home Rule Service Occupation Tax and determine the future need of the tax.

Upon such review, the Village Board shall determine whether the imposition of the tax shall continue at the 1% rate, or shall be amended or eliminated. It is anticipated that the Village will act upon the results of such review. The tax shall, however, remain in effect until repealed or amended.

SECTION THREE: This Ordinance shall be in full force and effect upon its passage and approval.

SECTION FOUR: All ordinances or parts of ordinances thereof in conflict with this Ordinance are hereby repealed to the extent of any such conflict.

SECTION FIVE: Any section or provision of this Ordinance that is construed to be invalid or void shall not affect the remaining sections or provisions that shall remain in full force and effect thereafter.

SECTION SIX: This Ordinance shall be in full force and effect upon its passage, approval and publication in pamphlet form.

Passed by the Village President and Board of Trustees of the Village of Glen Ellyn, Illinois, this 30 day of March, 2009.

Ayes: Comerford, Chapman, Naitan, Thorsell

Nays: - 0 -

Absent: Armstrong, Sodesic

Approved by the Village President of the Village of Glen Ellyn, Illinois, this 30 day of March, 2009.

Wicky Hase

Village President of the
Village of Glen Ellyn, Illinois

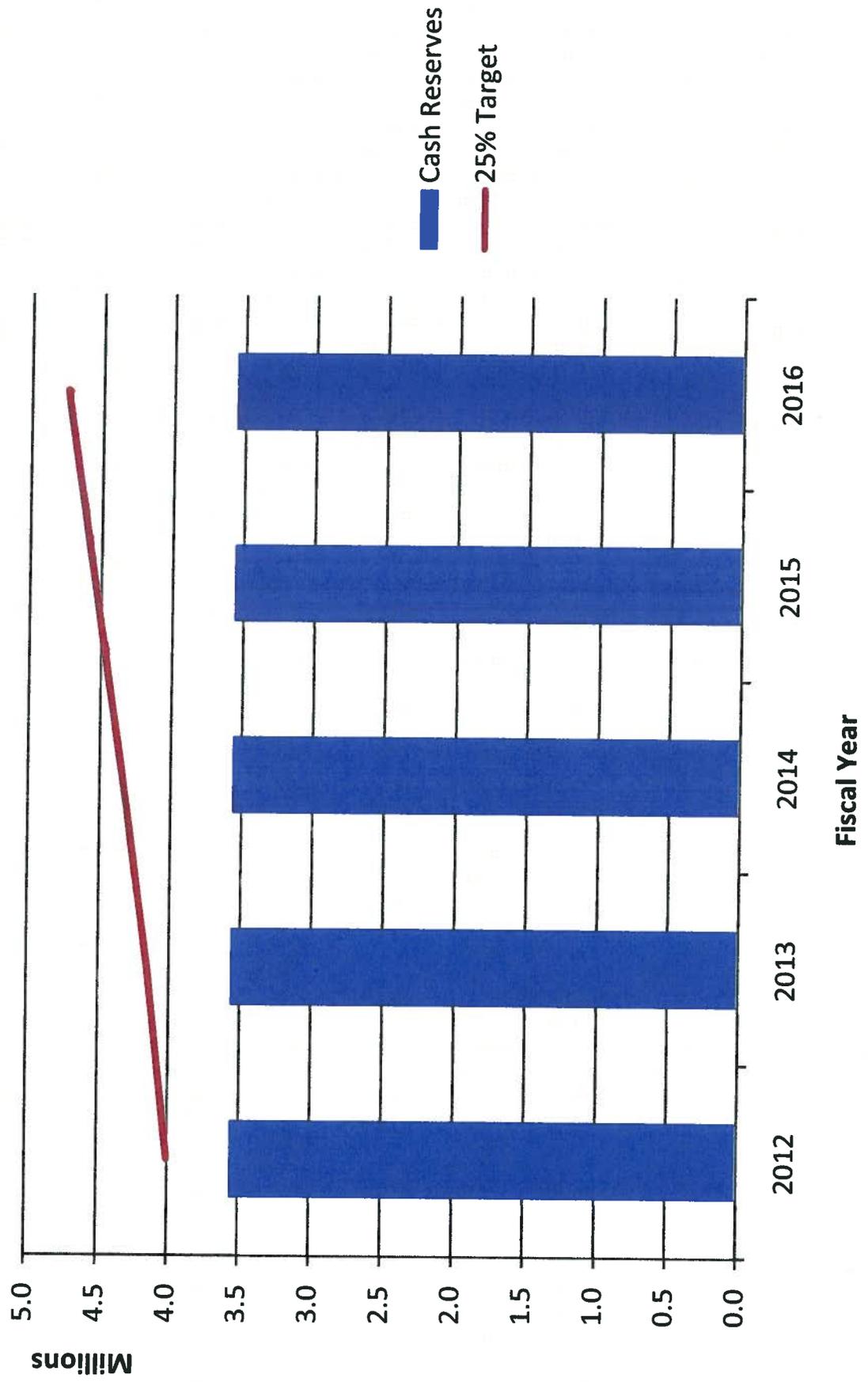
Attest:

Andree Anath

Village Clerk of the
Village of Glen Ellyn, Illinois

(Published in pamphlet form and posted on the 31 day of March, 2009.)

Projected Cash Reserves Versus 25% Target



Projected HRST and Pension Costs

