

Agenda  
Village of Glen Ellyn  
Regular Village Board Workshop  
Monday, October 15, 2012  
7:00 P.M. – Galligan Board Room  
Glen Ellyn Civic Center

1. Call to Order
  
2. Preliminary Budget Hearing Part I – Village Manager Franz and Finance Director Wachtel
  - A. Policy:
    1. Home Rule Sales Tax
    2. Capital Improvements Plan Funding
    3. Special Service Areas
    4. Balanced Budget
    5. Cash Reserves
    6. Community Grant Program
    7. Cost Saving Measures
  
  - B. Cost Containment Measures:
    1. Partners and Vendors
    2. Insourcing/Outsourcing
    3. Intergovernmental Cooperation
  
3. Other Items?
  
4. Adjournment

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**MEMORANDUM**

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**TO:** Mark Franz, Village Manager  
**FROM:** Kevin Wachtel, Finance Director *KW*  
**DATE:** October 10, 2011  
**RE:** Budget Policy Discussion

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**Background**

Before the FY12/13 budget process, the Village Board reviewed several different policy issues that helped provide guidance to staff in presenting the budget. Discussion included:

- The Home Rule Sales Tax allocation as defined in Ordinance 5741 which requires an annual review of the tax by the Village Board.
- The proper cash reserve level for our General Fund.
- A plan to restore contributions to our long term Facilities Maintenance Reserve Fund.
- A comprehensive Capital Improvements Plan (CIP).

This year, we are again discussing several policy items prior to the start of the annual budget process. We are tentatively scheduling two workshops sessions to discuss pre-budget issues. (CIP discussion will focus solely on funding philosophy initially, but a comprehensive 10-year CIP will be presented in November.) The discussion on October 15, 2012, will include the following topics

- A. Home Rule Sales Tax annual review,
- B. CIP funding philosophy – property tax levy,
- C. Special service areas,
- D. Balanced budget,
- E. Reserve levels,
- F. Community grant funding (memo from Kristen Schrader, Assistant to the Village Manager), and
- G. Cost saving measures (memo from Mark Franz, Village Manager).

In November, we are planning to review and discuss the comprehensive CIP, current year budget forecast, five-year forecast, pension actuary assumptions, and water sewer rates.

**A. Home Rule Sales Tax Annual Review**

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 recent recessionary period. 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 HRST may be used for the following:

1. Pensions: Maintain funding requirements of Glen Ellyn's Police Pension Fund and Illinois Municipal Retirement Fund obligations as mandated by the State of Illinois;
2. Cash reserves: Maintain adequate cash reserves as determined by Village financial policies;
3. Downtown revitalization: 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.

**1. Pensions**

The Village funds employer contributions to the Police Pension Fund and Illinois Municipal Retirement Fund (IMRF). General Fund contributions for these programs for FY11/12 actual and FY12/13 budget are as follows:

	<b>FY11/12</b>	<b>FY12/13</b>
Police Pension	\$1,036,000	\$969,000
IMRF (General Fund)	\$341,583	\$394,300
<b>Total</b>	<b>\$1,377,583</b>	<b>\$1,363,300</b>

**2. Cash reserves**

The ordinance requires that the HRST be used to maintain adequate cash reserves. The test to determine if the funding source is necessary is to calculate the cash reserves level *without* that revenue source compared to the required cash reserves per Village policy. Then we calculate how much of that revenue was needed (or will be needed) to achieve the required cash reserves.

	FY11/12	FY12/13
Estimated ending cash reserves	\$ 4,299,106	\$ 4,472,902
HRST revenue	\$ 1,787,569	\$ 1,864,800
<b>Cash Reserves without the year's HRST revenue [a]</b>	<b>\$ 2,511,537</b>	<b>\$ 2,608,102</b>
Annual Expenditures	\$ 16,005,457	\$ 16,356,804
<b>Cash Reserve policy amount (26% for FY11/12 and 27% for FY12/13) [b]</b>	<b>\$ 4,161,419</b>	<b>\$ 4,416,337</b>
<i>Cash reserves without HRST as a percent of annual expenditures</i>	15.7%	15.9%
<b>Amount of HRST needed during the year to meet the Cash Reserve Policy amount [a] - [b]</b>	<b>\$ (1,649,882)</b>	<b>\$ (1,808,235)</b>

### 3. Downtown revitalization

The adopting ordinance allows the use of up to 15% towards downtown revitalization efforts. Hotel/motel tax and Special Service Area revenues are dedicated for economic development. The chart below calculates the difference between Economic Development expenditures and these dedicated revenues, and also assumes that all unfunded amounts are efforts to revitalize the central business district.

	FY11/12	FY12/13
Economic Development Expenditures	\$351,089	\$378,850
Dedicated revenues	\$291,313	\$332,000
<b>Difference</b>	<b>(\$59,776)</b>	<b>(\$46,850)</b>

### Use of Home Rule Sales Tax Revenue

Clearly, this revenue source is critical to maintaining the existing service levels in the General Fund. In the three categories, the Village has expended \$3.1 million in FY11/12 and \$3.2 million FY12/13 (estimated).

	FY11/12	FY12/13
HRST Revenue	<u>\$ 1,787,569</u>	<u>\$ 1,864,800</u>
<b>Maximum amount of each HRST use category</b>		
1. Pensions	\$ 1,377,583	\$ 1,363,300
2. Cash reserve	1,649,882	1,808,235
3. Downtown revitalization	59,776	46,850
<b>Total of HRST Expenditure categories</b>	<b><u>\$ 3,087,241</u></b>	<b><u>\$ 3,218,385</u></b>
Revenue over (under) total HRST Expenditure Categories	<u>\$ (1,299,672)</u>	<u>\$ (1,353,585)</u>

Management recommends retaining the Home Rule Sales Tax level at 1.0%.

**B. Capital Improvements Plan Funding – Tax Levy**

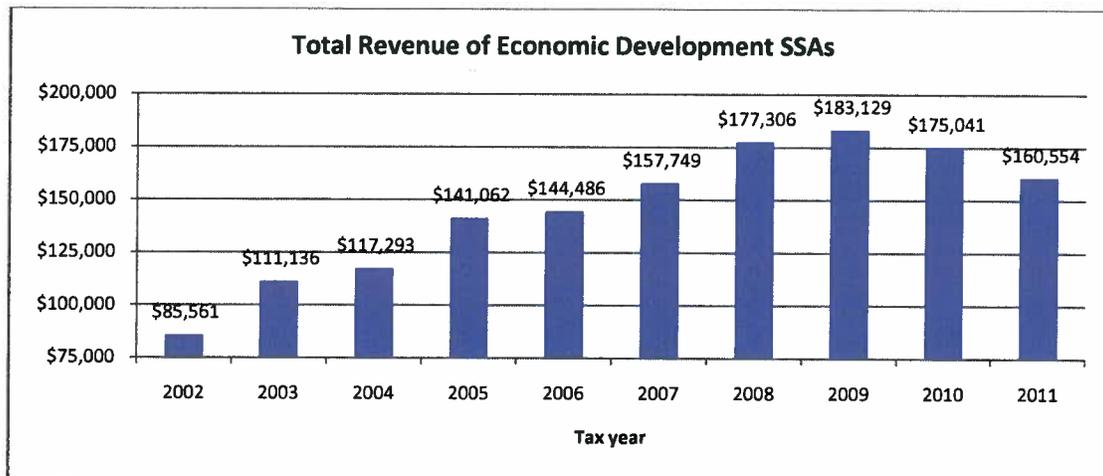
During last year's budget, management provided a first attempt at a five year comprehensive capital improvement plan (CIP). Much effort continues to provide a CIP document that incorporates projects from all funding sources and a single document. Many components of the capital plan are being updated and revised, and we will bring the entire document to the Village Board for review and consideration at a future date.

As a policy matter, management requests that the Village Board consider the use of property tax dollars that were previously used to pay for debt service as the primary funding for ongoing capital projects. Several years ago as bonds were being retired, the Capital Improvements Commission conducted a series of hearings and recommended that those dollars remain in the tax levy, but reallocated to the Capital Projects Fund. In FY10, the first year of this program, \$933,000 in property tax revenue was collected in the Capital Projects Fund. This year, the revenue will total \$1.6 million, and will grow to \$3.2 million in the next two years.

The Capital Projects Commission is including this revenue in the street improvement program. Other alternatives include scaling back capital investment to the level allowed by other revenue sources (\$2.9 million in recurring revenues in FY12/13, but these funds have been used for all infrastructure needs of the Village, not just the street program), or bundling and bonding projects as the need requires. The Village recently sold \$5.0 million in bonds for 2.05% over 20 years for the Village Links clubhouse renovation project, so this may be an opportune time to borrow money at historically low interest rates.

### C. Special service areas

Since 2003, the Village has limited the economic development special service areas to a rate of \$0.125. From 2002 to 2009, the EAV has increased each year, generating additional dollars for economic development purposes. In 2010 and 2011, EAV in the SSA areas has declined, and the resulting revenue has also declined.



Based on year over year sales prices, we are estimating that EAV will decline by 5% Village wide. If the EAV of these special service areas also declines by 5%, total revenue will decline again next year to around \$152,500. The Village Board may wish to consider adjusting the limiting rate of the economic development SSAs. Below is a table identifying the total estimated revenue for next year (tax year 2012, budget year FY13/14) at various limiting rates.

Other Target Rates / Levies		
Rate	Levy	\$ Change from \$0.125
15.0 cents	\$183,031	\$30,503
14.0 cents	170,829	18,301
13.0 cents	158,627	6,099
12.5 cents	152,528	-
12.0 cents	146,425	(6,103)
11.0 cents	134,223	(18,305)
10.0 cents	122,021	(30,507)

### D. Balanced Budget

When presenting the proposed budget, management frequently considers the long term financial health of each fund. In funds that have planned spikes in expenditures, a balanced budget may not always make sense, particularly when large capital projects are included. This may also be the case in the aggregate total of all funds, as well. The General Fund or Operating Fund is general balanced by management as part of the recommended draft budget. Management recommends this again this year.

Management requests feedback from the Village Board on its expectations for a balanced budget.

**E. Cash Reserves**

Last year, the Village Board reaffirmed the policy to increase cash reserves each year with a target of 35% of operating expenditures (this excludes capital expenditures). For the Water and Sewer Fund, the policy was later amended to set a cash reserve of \$2 million for FY2011/12, indexed to the CPI-U or 3.0%, whichever is less. With a 3.0% CPI-U increase last December, the cash reserve policy level is \$2.06 million.

Management requests that the Village Board confirm the Cash Reserve policy. We believe the current policy levels are sufficient and appropriate.

**F. Community Grant Program**

Please see the attached memo from Kristen Schrader for a discussion on the Community Grant program.

**G. Cost Saving Measures**

Please see the attached memo from Mark Franz for a discussion on cost savings initiatives and future goals.

**Action Requested**

Village Management is looking for direction from the Village Board on these items, or any other changes to the Financial Policies, at the October 15, 2012 workshop to ensure we proceed with the budget process in concert with the Board's philosophy.

**Attachments**

- Village Financial Policies
- Community Grant Memo from Kristen Schrader
- Cost Saving Measures memo from Mark Franz

# Village of Glen Ellyn

## Financial Policies

The annual budget is built upon a series of basic financial policies and guiding principles as established by the Village Board and Management. Although these policies are fundamental in nature, they have contributed significantly to the historical financial strength of the Village and demonstrate the Village's ongoing commitment to being a responsible steward of the public's finances.

These policies have served the Village well, not just in good economic times, but particularly in periods of sustained economic downturn and uncertainty. Adherence to these principles help to maintain a position that ensures the Village is able to deliver uninterrupted basic government services on both a near-term and long-term basis. Further, well established and thoughtful policy development contribute toward ensuring services are delivered in a cost-effective manner, maintaining a well-diversified community and economic base, and distributing the cost of government fairly across those it serves.

### A. General

The Village of Glen Ellyn embraces a tradition of sound financial management in the conduct of its financial affairs. The annual Village budget is founded on a set of fundamental policies and principles which contribute toward maintaining an organization with a strong financial condition and a proactive approach to serving the needs of its residents.

### B. Budget

1. A balanced budget shall be defined (at each individual fund level) as a budget where projected revenues are equal to budgeted expenditures within the current fiscal period. The adopted budget, on an individual fund basis, may or may not be balanced, depending on the availability and appropriateness of utilizing cash reserves. Use of cash reserves are generally determined to be acceptable for one-time or capital expenditures after minimum reserve levels are observed.
2. The Village shall publish an annual budget which serves as a communications tool which demonstrates the government's accountability for the sources and uses of public funds. Expansive narrative discussion should be included to communicate the organization's policies and objectives as well as detailed descriptions of revenue and expenditure line items. The budget should also serve as an operations guide to assist personnel in the responsible management and application of Village resources.
3. The Village desires to annually participate in the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Awards Program.

# Village of Glen Ellyn

## Financial Policies

4. The Village shall approach the annual budget process in a spirit of openness which encourages public information and participation. To that end, the annual budget shall be provided in its entirety on the Village's web-site, and the Village will annually exceed statutory requirements for public discussion and deliberation on the budget.
5. Interim financial reports shall be distributed and reviewed with the Village Board on at least a quarterly basis which track actual experience against budgeted revenues and expenditures in the current fiscal period.

### C. Revenue

1. The Village endeavors to maintain a diverse and stable revenue base to protect operations from short-term fluctuations in any one revenue source. The mix of various revenues employed will include both elastic and inelastic revenue sources to minimize to the extent possible the effects of economic downturn.
2. The Village will employ, where appropriate, various available economic development incentive tools, which will add to long-term revenue stability and growth.
3. The Village will monitor changes in key revenues on, at a minimum, a quarterly basis, and report on significant changes in collections or emerging trends.
4. The Village will oppose State and/or Federal legislation that would result in unfunded expense mandates to units of local government without providing for compensating authority to increase available revenues to offset such mandates.
5. Village enterprise funds (e.g. Water and Sanitary Sewer, Recreation, Parking, Residential Solid Waste) shall have fees set in such a manner which fully support all direct and indirect (depreciation of capital) costs associated with providing the service.
6. The Village will avoid the use of one-time or otherwise intermittent revenues to support continuing operating expenses.
7. The Village will explore to the extent practicable the award of various local, State and/or Federal grants to support one-time capital or non-recurring expenditures. Consideration of grant opportunities shall include an evaluation of required local matching funds and possible on-going operating costs associated with accepting grant funding.

# Village of Glen Ellyn

## Financial Policies

### D. Expenditure

1. The Village shall maintain a level of expenditures which will provide for the public well being and the safety of the residents of the community.
2. The Village shall pay for current operating expenses from available operating revenues where possible.
3. The Village should avoid budget practices which balance current costs at the expense or detriment of future years, such as deferring or postponing necessary expenses.
4. The Village should avoid the implementation of new programs or services without the identification of a dedicated revenue stream to pay for them.
5. The Village annual budget shall provide a systematic approach for the replacement of municipal equipment and facilities which includes funding replacement of these assets over their anticipated useful life.
6. The Village shall provide for the responsible and timely funding of required employee pension plans.
7. The Village shall prepare a long-term financial forecast for the systematic replacement of its public infrastructure assets.

### E. Debt Administration

1. It is the objective of the Village's debt policies that:
  - a. The Village will issue debt only when necessary.
  - b. The process of identifying the amount and timing of debt issuance is conducted as efficiently as possible, and
  - c. The most favorable interest rate and other costs be obtained
2. The Village will seek the assistance and expertise of a qualified Financial Advisor when considering debt issuance. Selection of a Financial Advisor may be achieved through a request for proposals process.
3. Long-term debt obligations will be used to finance significant capital projects or improvements, not for operational purposes.
4. The duration of long-term debt obligations will not extend beyond the anticipated useful life of the projects financed.

## Village of Glen Ellyn

### Financial Policies

5. Level or declining debt service shall be employed unless operational matters dictate otherwise, or unless to achieve overall level debt service considering other outstanding obligations.
6. The Village shall be mindful of the potential benefits of bank qualification and will strive to limit its annual issuances of debt to \$10 million or less when such estimated benefits are greater than exceeding the benefits of exceeding the bank qualification limit.
7. When feasible and economical, obligations shall be issued through competitive versus negotiated sale. When circumstances dictate that a negotiated issuance take place, the reasons for such action shall be disclosed in a public meeting.
8. The criteria to select an underwriter in a competitive sale shall be the true interest cost.
9. The Village shall consider refunding debt whenever an analysis indicates the potential for present value savings in excess of 2% of the principal being refunded.
10. The Village shall strive to conduct its financial affairs in a manner which would maintain or improve its bond rating.
11. When a general obligation bond is issued, the Village will receive a rating from at least one national rating agency.

#### Regulatory Compliance relating to the Debt Portfolio

12. The Village will fully comply with all continuing disclosure requirements as established by SEC Rule 15c2-12 and shall upon completion of each year's audited financial statements, submit required continuing disclosures to all Nationally Recognized Municipal Information Repositories (NRMSIRs) and to any required State Information Depositories (SIDs).
13. The Village will comply with the preambles and sections of the Bond Record-Keeping Policy for the Village of Glen Ellyn, adopted by resolution on October 8, 2012, or as subsequently revised. (October 8, 2012)

# Village of Glen Ellyn

## Financial Policies

### F. Reserve Policy

#### Definitions

Fund Balance – the difference between assets and liabilities in a Governmental Fund.

Nonspendable Fund Balance – the portion of a Governmental Fund’s fund balances that are not available to be spent, either short term or long term, in either form (e.g., prepaid assets) or through legal restrictions (e.g., endowments).

Restricted Fund Balance - the portion of a Governmental Fund’s fund balances that are subject to external enforceable legal restrictions as to what the fund balance can be spent on.

Committed Fund Balance - the portion of a Governmental Fund’s fund balances with self-imposed constraints or limitations that have been placed by formal action at the highest level of decision making.

Assigned Fund Balance - the portion of a Governmental Fund’s fund balances to denote an intended use of resources.

Unassigned Fund Balance - available expendable financial resources in a governmental fund that are not the object of tentative management plan (i.e. assignments). (Only in the General Fund, unless negative.)

Note: In non-governmental funds, management may decide to “assign” funds for a specific purpose. This will be done as an internal budgeting procedure rather than as a formal accounting entry. Creating a governmental fund automatically assigns fund balance in that fund to the purpose of the fund.

1. The Village will maintain adequate cash reserves (unassigned fund balance) in its operating funds (General Fund) in an amount equal to or greater than 25% of the current year fund operating expense budget (excluding capital) for FY2012/13. In following years, the target amount of cash reserves will increase by 1 percentage point growing to 35% of current year fund operating expense budget (excluding capital).

Adequate reserve balances are maintained to:

- a. offset unexpected changes in operating revenues,
- b. provide sufficient cash flow for daily transaction volumes, and
- c. provide a buffer for unexpected or emergency expenditures.

## Village of Glen Ellyn

### Financial Policies

2. The Village will spend the most restricted dollars before less restricted, in the following order:
  1. Restricted,
  2. Committed,
  3. Assigned,
  4. Unassigned.
3. The Finance Director will determine if a portion of fund balance should be assigned and will document said assignment by a memorandum to the Village Manager and appropriate disclosure in the audited financial statements.
4. ENTERPRISE FUNDS CASH RESERVES:
  - a. The Village will maintain \$2,000,000 in cash reserves in the Water and Sanitary Sewer Fund for FY2011/12, increased annually by the 12-month change in the CPI-U (December before the beginning of the fiscal year) or 3%, whichever is less. [For FY2012/13, the 12 month change in the CPI-U for December 2011 was 3%. Therefore, the amount of required cash reserves will be \$2,060,000.]
  - b. The Village will maintain adequate cash reserves in the Parking Fund, Residential Solid Waste Fund, and Recreation Fund in an amount equal to or greater than 25% of the current year fund operating expense budget (excluding capital) for FY2012/13. In following years, the target amount of cash reserves will increase by 1 percentage point growing to 35% of current year fund operating expense budget (excluding capital).

#### G. Cash Management

1. The Village shall invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Village and conforming to all state statutes governing the investment of public funds.
2. In order to maximize interest earnings, the Village comingles the cash of all funds (excluding those legally required to be kept separate – e.g. Police Pension Fund). Interest revenue derived from comingled cash accounts is allocated to the participating funds monthly based on the relative cash balance of each fund.

## Village of Glen Ellyn

### Financial Policies

3. Criteria for investment of funds, in the order of priority are as follows:
  - a. **Safety** of principal is the foremost objective of the investment program. Investments of the Village of Glen Ellyn shall be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio.
  - b. The investment portfolio shall remain sufficiently **liquid** to meet all operating requirements that may be reasonably anticipated.
  - c. The investment portfolio shall be designed with the objective of attaining a market **rate of return** throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs.

#### H. Accounting, Auditing and Financial Reporting

1. The Village shall establish and maintain a high standard of accounting practices in conformance with Generally Accepted Accounting Principles (GAAP) for governmental entities as promulgated by the Governmental Accounting Standards Board (GASB).
2. The Village shall select a qualified firm of Certified Public Accountants to perform an annual audit in accordance with Generally Accepted Auditing Standards (GAAS) and issue an opinion on the financial statements.
3. The Village shall annually prepare a Comprehensive Annual Financial Report (CAFR) and submit it to the Government Finance Officers Association (GFOA) for consideration of a Certificate of Achievement for Excellence in Financial Reporting award.
4. The Village will utilize the modified accrual basis of accounting for its governmental funds (general, special revenue, capital projects and debt service funds). Revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the liability is incurred.
5. The Village will utilize the accrual basis of accounting for its proprietary funds (enterprise and internal service funds). Revenues are recognized in the accounting period in which they are earned. Expenses are recognized in the accounting period in which the liability is incurred.

Most recent update: October 8, 2012 (Bond Record-Keeping)

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## MEMORANDUM

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**TO:** Mark Franz, Village Manager  
Kevin Wachtel, Finance Director

**FROM:** Kristen Schrader, Assistant to the Village Manager *KS*

**DATE:** October 9, 2012

**RE:** Budget Workshop: Community Grant Program

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### **Background**

The Village has funded local community groups that provide critical services through grants from the Village's Special Programs Fund for many years. In the past, the funding was provided via the Special Programs Fund to a small number of community groups. This funding supported non-core government services such as economic development and environmental and historical efforts. The funding process was updated in 2010 per the recommendation of the Finance Commission (see attached recommendation letter). To sum up, the recommendation included folding the Special Programs Fund into the General Fund and advertising the grant process so all interested community groups could apply for funding.

To this end, Village staff created the new Glen Ellyn Community Grant Program in 2011. The Program seeks to enhance the quality of life of Glen Ellyn residents by providing annual funding opportunities to organizations that provide critical services to residents. Grants may support a range of programs related to education, social services, physical and mental health, safe and positive living environments, environmental and natural resources, community events and arts. Organizations that apply for funding must provide direct services to the residents of Glen Ellyn, and are preferred to be classified as tax exempt 501(c)3 organizations by the Internal Revenue Service.

The updated Community Grant Program was held in FY11/12 and FY12/13 with \$30,000 in program funding made available in both years. A complete schedule of community group funding contributions is attached for FY03-13.

### **Issues**

During the most recent discussion in August on the program, the Board indicated that they would like to further consider whether funding in future budgets should be provided for this program. Several concerns were brought forward at that time including whether the Village should be contributing taxpayer funds to non-profit groups, and that as the program is now funded through the Village's General Fund in lieu of the Special Programs Fund, the funding competes with core municipal services funding.

Another consideration brought forward at this meeting was related to a recommendation of the Community Grant Program Selection Committee:

*The Selection Committee requests that the Village Board provide direction regarding the future funding requests of the Fourth of July Committee. In lieu of the request being funded through the grant program, the*

*Committee recommends consideration of direct inclusion of the 4<sup>th</sup> of July programming in the annual budget. This recommendation is based on past annual Village support for the Village's trademark Independence Day programming. Similar adjustments to past budgets have occurred for other programming previously supported through this grant program, including funding for the Historical Society (now through the History Park Fund), and funding for Glen Ellyn Youth and Family Counseling (now through the Police Department Budget).*

**Action Requested**

The Village Board is requested to consider if the Community Grant Program should continue for the FY13/14 Village Budget, and if so, at what level the program should be funded.

The Board is also requested to consider if funding for the Fourth of July Committee should be included with the annual budget, per the Selection Committee's recommendation.

**Attachments**

- 2010 Finance Commission Recommendation
- Community Grant Program Overview
- Schedule of contributions for Community Grant Funding; FY03-13
- Detailed Funding for FY12, FY13 Community Grant Program

April 9, 2010

Board of Trustees  
Village of Glen Ellyn  
535 Duane Street  
Glen Ellyn, IL 60137

Attn: Mr. Mark Pfefferman  
Village President

Dear Mr. President and Village Board Members:

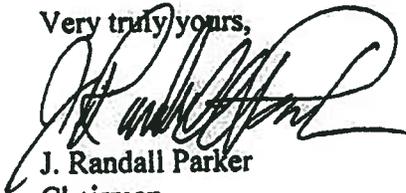
At today's meeting, the five members of the Finance Commission who were present voted unanimously to adopt the following recommendation regarding the Special Programs Fund:

The Finance Commission hereby makes the following recommendation to the Village Board:

1. Fold the Special Programs Fund into the General Fund.
2. Advertise the potential availability of community group funding and the process for submitting applications via Village communication mechanisms such as newsletter, website, e-mail, and cable television.
3. At an appropriate time during the annual budget process, the Village Board shall determine a total level of funding (from the General Fund) that will be made available to community groups.
4. The Village Board shall develop a set of guidelines as to what types of community organizations/initiatives should be considered for funding and/or what types of organizations should not be considered for funding.
5. Village management shall review all requests for funding and make a recommendation to the Village Board for funding allocations (which shall total no more than the amount determined in item 3 above) to specific community groups.
6. The Village Board shall review management's recommendations for community group funding as part of its review of the entire Village budget.

If you have questions or require clarification, please contact me.

Very truly yours,



J. Randall Parker  
Chairman  
Finance Commission  
Village of Glen Ellyn

## **FY 12/13 Glen Ellyn Community Grant Program Overview**

The Village of Glen Ellyn seeks to enhance the quality of life of its residents by providing funding opportunities for selected not-for-profit grant requests on an annual basis. Grants may support a range of programs related to education, social services, physical and mental health, safe and positive living environments, environmental and natural resources, community events and arts.

### **Eligibility**

To be eligible, an organization must provide direct services to residents of the Village of Glen Ellyn. Grants will only be awarded to non-profit organizations, preferably those classified as 501(c)(3) charities by the Internal Revenue Service (IRS).

### **Grant Review Criteria**

The Village of Glen Ellyn will place priority consideration upon proposals that meet all of the following:

- Offer a definable solution to a significant community need;
- Represent an unduplicated opportunity;
- Advance innovative, proven and replicable solutions to issues facing Glen Ellyn; and
- Propose to generate matching funds in order to leverage additional financial support.

### **Grant Application Process**

The Village adopts its budget annually in April. During the budget approval process, the Village Board approves the maximum dollar amount to be allocated for distribution in the form of grant funds. Following budget adoption, the Village will announce the amount of funding available and invite grant submittals for Fiscal Year 2012/2013 (May 1, 2012 – April 30, 2013). For FY12/13 the Village has budgeted \$30,000 for grant awards, and the deadline for receipt of requests is June 22, 2012. Grant awards will be announced prior to July 31, 2012. Requests shall be submitted by the deadline to:

[communitygrants@glenellyninfo.org](mailto:communitygrants@glenellyninfo.org)

All grant applications will be reviewed by a committee appointed by the Village Manager. The review committee shall make a funding recommendation to the Village Board to identify those organizations eligible to receive funding. All grants are awarded on an annual basis. Funding is preferred for programs and services, however the Village will consider funding for operations. Please contact Kristen Schrader, Assistant to the Village Manager – Administration, at 630-469-5000 with any additional questions on the Community Grant Program.

Village of Glen Ellyn  
Schedule of Contributions to Community Groups  
Last 10 Fiscal Years

	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13
	Actual	Budgeted									
Economic Development Corporation	46,000	61,000	46,000	46,000	46,000	46,000	40,000	48,000	63,000	70,000	-
Downtown Glen Ellyn Alliance	-	-	-	-	10,000	12,500	10,000	20,000	20,000	20,000	100,000
GE Youth & Family Counseling	31,500	26,500	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
GE Historic Preservation Commission	-	-	1,690	2,078	10,080	9,700	20,000	20,000	10,194*	-	20,000
Glen Ellyn Environmental Commission	-	-	-	-	-	-	-	-	2,000	1,000	1,000
<b>Community Grants Program</b>	-	-	-	-	-	-	-	-	-	<b>30,000</b>	<b>30,000</b> **
GE Historical Society	17,500	18,000	15,000	20,000	25,000	25,000	35,000	20,000	25,000	-	-
Anima	15,000	12,000	10,000	12,000	10,000	10,000	10,000	-	-	-	-
Fourth of July Committee	4,000	4,000	5,000	5,000	6,000	8,000	6,000	1,000	5,000	-	-
DuPage Senior Citizens Council	-	-	-	-	-	5,000	5,000	-	2,000	-	-
Glen Ellyn Children's Resource Center	-	-	-	-	-	-	5,000	5,000	5,000	-	-
GE Media Foundation	79,000	80,000	71,000	-	-	-	-	-	-	-	-
GE Festival of the Arts (Jaycees)	3,500	-	-	-	-	-	-	-	-	-	-
<b>Total Village Contributions</b>	<b>196,500</b>	<b>201,500</b>	<b>173,690</b>	<b>110,078</b>	<b>132,080</b>	<b>141,200</b>	<b>156,000</b>	<b>139,000</b>	<b>157,194</b>	<b>236,000</b>	<b>176,000</b>

\* Funding request at \$20,000, actual funding at \$10,194 based on work conducted

\*\* See Attached Funding Detail For FY12 and FY13 - Community Groups

<b>2012, 2013 Community Grant Program</b>		
<b>Organization</b>	<b>FY13 Funding</b>	<b>FY12 Funding</b>
Bridge Communities	\$ 3,000.00	\$ 3,000.00
NAMI DuPage	\$ 2,000.00	\$ 2,000.00
Supplies for Success	\$ 1,500.00	\$ 1,000.00
G.E. Children's Resource	\$ 4,500.00	\$ 5,000.00
Family Shelter Service	\$ 2,500.00	\$ 2,500.00
Western Dupage Rec.	\$ 1,000.00	\$ -
PADS	\$ 2,000.00	\$ 2,000.00
CHAD*	\$ -	\$ -
People's Resource Center	\$ 1,000.00	\$ -
Glen Ellyn Food Pantry	\$ 2,500.00	\$ 2,500.00
Fourth of July Committee	\$ 5,000.00	\$ 6,000.00
ESSE	\$ -	\$ -
DuPage Senior Citizens	\$ 2,500.00	\$ 2,000.00
Teen Parent Connection	\$ -	\$ 1,500.00
Glen Ellyn Lion's Club	\$ 2,500.00	\$ 2,500.00
Jack Marston Fund	\$ -	\$ -
Kaitlyn's Hideout*	\$ -	\$ -
Woolly Knitters*	\$ -	\$ -
<b>Total</b>	<b>\$ 30,000.00</b>	<b>\$ 30,000.00</b>

\* Denotes first time applicant

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## MEMORANDUM

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**DATE:** October 11, 2012  
**TO:** Village President and Village Board  
**FROM:** Mark Franz, Village Manager  
**RE:** Cost Containment Initiatives

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### **Background**

As part of the pre-budget discussion, Management would like to provide an update on some cost containment initiatives that we have started and/or will build upon later this year and next fiscal year. These ideas include working with partners and vendors, right-sourcing, and cooperation with other government agencies. In addition, technology improvements will be incorporated with the hope of controlling costs. These ideas will focus primarily on e-billing and other improvements to our website and financial software and we expect that savings may not occur in all areas, but customer convenience will be improved and savings will come in time. Below is a brief list of some of these initiatives.

***Partners and Vendors:*** The Village continues to look for ways to control costs by asking our partners and vendors to hold, decrease, or reduce their contractual increases. Two examples of this are the contracts with our Village Attorney and for paramedic service. Ancel, Glink has not raised their rates in four years and Stewart Diamond agreed to lower his fees by \$10 per hour for the rest of this year. In addition, PSSI, our paramedic contract agreed to a 2% increase in fees rather than the previously agreed to 5% increase saving the Village approximately \$74,000 this fiscal year. We negotiated with many of our vendors on a regular basis to ask for price reductions or reduce the scope of work to remain within budget or to reduce costs. This practice will continue.

***“Right-Sourcing”:*** Public Works, lead by Julius Hansen, has been evaluating service delivery in many ways over the last year. One criteria of this evaluation process was determining what we should be in-sourcing vs. out-sourcing depending on the financial impact and the quality of services provided. A few examples of this include:

- Parkway tree planting in 2012 was conducted by the Public Works employees rather than a contractor. In April of 2012 employees planted 100 trees for the first time. In October 2012 an additional 100 trees were planted. Prior to 2012 trees were planted using a contractor at an average cost of \$150.00 each. In using Public Works employees, \$30,000 has been saved this year and more trees were planted. In 2013 the goal is to plant 125 trees each planting season (spring and fall) equaling 250 trees annually and a savings of \$40,000 since contractor tree planting costs will likely be \$160.00 per tree.

- Stump removals and the parkway restoration of the stump area were performed by a contractor prior to 2012 for a cost of nearly \$8.25 per inch. Currently the contractor grinds the stumps and Public Works employees now repair the parkway for a cost of \$2.50 per inch per stump. The cost of 150 trees at an average size of 16" in diameter equals 2400 diameter inches for a savings of \$13,800 annually. This could equate to greater savings if more and larger stumps are removed.
- The sewer televising work performed to inspect and troubleshoot sewer pipe problems has always been contracted out. However, a police van was recently converted to a Public Works sewer televising vehicle by Public Works mechanics for a few thousand dollars. The purchase of sewer televising equipment will be an expensive capital investment of \$80,000, but the cost should be recovered in 3 to 5 years. A faster response to sewer emergencies will be realized immediately. A savings of \$20,000 annually will offset this expense, and additional savings by performing preventive maintenance more effectively will result as well.
- Leaf disposal has equaled nearly 700 cubic yards each fall season at a cost of \$20.00 per cubic yard equaling \$14,000. In the past, Public Works employees have hauled every cubic yard to a location out of the village. This increases the cost because of employee labor, and fuel to haul the leaves to \$20,000 annually. In 2012 for the first time Public Works will not haul leaves to the dump location. The department will make a stockpile at the Public Works facility and have them hauled out using semi trucks for \$7.50 per cubic yard and no labor or fuel cost incurred in the process. This is a savings of \$15,000 annually.
- A one-time savings for the sidewalk snow cleaning machine cost \$25,000 vs. budgeted amount of \$100,000 in 2011/12 fiscal year, for a savings of \$75,000.
- The branch and brush contractor was hired, replacing a previous contractor (past 5 years or more) and saved about \$10,000 annually. Management is closely monitoring this situation, because of service quality concerns, but the contractor seems have made some improvements over the first year.
- The Village Board approved hiring a part-time Storm Water Engineer position thereby eliminating our need to contract out for those services. We have realized some savings, but have improved our responsiveness and the long term benefits of having some institutional knowledge on staff will pay dividends in the future.

***Intergovernmental Cooperation:*** The Village has led many initiatives over the years to share services (health insurance and liability insurance pools). We have worked closely with the Library for health cost savings and savings with our financial software. The Fire Company utilizes our financial software beginning last year which creates some efficiencies and savings for all. A complete list of interdepartmental and intergovernmental collaboration is attached. We continue to look for opportunities to work with municipal partners or other government

agencies that will produce efficiencies, savings, or both. Below is a list of a few other concepts that we are exploring or actively pursuing at this time:

- Sewer cleaning was bid in conjunction with Glenbard Waste Authority to reduce costs based on the economies of scale, but savings were not realized for this service.
- Landscape maintenance is performed by a contractor now and has been in the past, but the contractor is doing so for \$25,000 less annually for the same amount of work. In addition, Public Works contacted several organizations to facilitate a partnership to reduce cost. School Districts 89 and 87 have their landscape maintenance performed by GCA Services Group, but this company is not suited for municipal landscape maintenance. School District 41 has a landscape maintenance contract with Olive Grove and this company had been provided with the specifications as well. Olive Grove was highly recommended by District 41 and was interested in performing the work for the village. It responded to a RFP but were more than 10 percent higher than the lowest price received. The Park District was not able to perform the work for the village, since they do not contract out landscape work. They do all their landscape work with their own employees and could not keep up with the additional work load of performing all the village landscape maintenance. The Recreation Department has agreed to perform landscape maintenance at the Fire Station on Taft in exchange for Public Works clearing the sidewalk on Taft along Panfish Park. The Fire Station location was removed from the contractor list for a slight savings.
- The Village also participates in joint purchasing on a regular basis through the State of Illinois Central Management Services which has 135 contracts open for municipal participation or through the DMMC Purchasing Cooperative. As you recall, we had DMMC make a presentation at a Village Board workshop last year to explain this program and how many times they are able to realize better pricing, which adds to the lower overhead costs associated with bidding out services.
- Furthermore, the City of Naperville has created a contractor cooperative program for minor facility/infrastructure projects. GWA has utilized this program to save time and resources and it worked well. The Village has met with Michael Bevis, Chief Procurement Officer in Naperville to better understand how we can utilize this service.
- Finally, Management has initiated dialogue with neighboring communities to discuss ways to jointly bid out capital projects or municipal contracts. Using a model that was created last year by North Shore communities called the Municipal Partnering Initiative (MPI), these communities saved \$200,000 in the first year by working together on 19 different initiatives from sidewalks to audit services. This process took a few years to put together, but they are seeing some tangible benefits now. Some of the neighboring communities around Glen Ellyn have already expressed interest and we will be learning more about how the MPI was created over the months ahead.

***E-billing Initiatives:*** Management is in the process of implementing online utility bill access for customers. In addition, we are working to include parking permits and eventually vehicle stickers on customer accounts for better controls and easier customer access to their information. We are hopeful that our Parking Permit conversion will occur before the first quarter renewals, and that vehicle sticker renewals will occur before the 2013/14 stickers go on sale. There may be some data conversion costs for vehicle stickers. These efforts are independent of online account access and e-billing.

Our first phase of online utility account access will involve the purchase of a Customer Self Service module. Customers will be able to view their account and pay their bill online. We do have up-front (about \$6,525) and ongoing costs (\$3,500 per year) for the module. To make this successful and more widely used, we will need to consider absorbing fees for online credit card transactions, which will add more costs depending on usage. This step does not allow us to email bills to customers without the UBCIS upgrade and purchase of GODOCS.

The UBCIS upgrade is a newer version of our utility billing module. We are operating from a functional version of the program, which is being phased out and is not sold to new customers. At some point (yet unannounced), it is likely that MUNIS will stop supporting our version and require that we upgrade. Due to the significant changes in the new version, we will need to pay for data conversion and training at a cost of \$21,000. There is no additional annual cost as we are currently paying for annual maintenance.

GODOCS allows a variety of MUNIS documents to be converted to PDF documents suitable for emailing. With this module and UBCIS, we would be allowed to email bills in a secure fashion. Start up costs for this option is \$6,500, plus annual maintenance of about \$1,000.

We are moving forward with customer self service to allow online account access. In the next fiscal year, we are looking to budget for the purchase and implementation of UBCIS and GODOCS to allow e-billing. These changes, when implemented, will be significant customer service and operational efficiency improvements, but there are start up and ongoing operational expenses. We will not know how much we will save in printing and postage expenses until the full program is operational, so we do not know if these improvements will lower overall operational expenses. On the whole, online access and e-billing are good improvements to address customer service demands, operational efficiency, and environmental concerns.

If you have any questions, please let me know.

**Attachment:**

Interdepartmental and Intergovernmental Collaboration

## **Interdepartmental and Intergovernmental Collaboration**

To create greater efficiencies, in addition to interdepartmental cooperation, the Village partners with the area's public bodies, including the Glen Ellyn Park District, the Glen Ellyn Public Library and the area's school districts. These partnerships include:

### **With Village Departments:**

- Recreation Department operates a wood chip recycling facility at Lambert Lake. Wood debris generated by Recreation, Public Works and Public Works contractors is chipped and used on Recreation Department properties.
- Some Recreation Department full-time and seasonal staff plow snow for Public Works.
- Recreation and Public Works developed a long term property management plan for Manor Woods Park. Plan is being implemented by Recreation.
- Recreation maintains walking paths in Waters Edge condominium association in conjunction with Panfish Park maintenance.
- Recreation hosts Village holiday party.
- Recreation provides Police with golf carts and work vehicles for July 4<sup>th</sup> events.
- Request for proposal process for Recreation, Facilities Maintenance and Public Works for purchase of uniforms.
- Request for proposal process for Administration, Public Works, Recreation, in addition to District 41 and Library for printing services.

### **With Cooperatives:**

- Glenbard Wastewater Authority (GWA) with the Village of Lombard.
- DuComm Dispatch Services-Shared services with multiple Police and Fire Departments.
- Administration, Finance, Planning and Development and Public Works utilize Office Depot State of Illinois Purchasing Program.
- Use of Intergovernmental Personnel Benefit Cooperative (IPBC) for insurance coverage (health, dental, life).
- Use of Municipal Insurance Cooperative Agency (MICA) for Risk Management Services.
- NIMEC-Pool of municipalities purchasing electricity for municipal use.
- Use of Suburban Tree Consortium.
- Use of State bids for salt, vehicle purchases.
- Use of DuPage Mayors and Managers Vehicle Auction.
- Recreation Department participates in the National Intergovernmental Purchasing Alliance, with national and local municipalities, including DuPage County.

### **With Glen Ellyn Park District:**

- Joint operation of Lake Ellyn, as well as improvements to water quality and recreational use of ice.

- Lake Ellyn Water Quality Improvements – Low Flow By-pass Pipe and Vortex Separators (2004/2005).
- Park District easements granted to Village for stormwater detention and lift Station:
  - Easement agreement for use of SARC pond (Wingate Basin Project) (2003).
  - Easement agreement for sanitary sewer through Glen Oak Park (Reconstruction of Longfellow, done as part on Wingate Basin Project) (2004).
  - Right-of-Way acquisition along St. Charles Road (Riford Road Reconstruction Project) (Pending).
  - Temporary and Permanent Easements at Ackerman Park for GWA's St. Charles Road Lift Station (Pending).
- Joint purchase of Block Party Wagons.
- Joint purchase of fuel.
- Park District allows Village to store snow at Ackerman Park in winter.
- Park District maintains the non-wooded portion of Manor Woods (Village owned property).
- Village provides holiday decorations at Prairie Path Park.
- Park District purchases salt from the Village.
- Village provides post season banquets for several Park District youth football teams at the Village Links Grill.
- The Village leases Village Green Park to the Park District for \$1.
- Village's Police Department provides Safety Village program.
- The Village (turf and trees) and Park District (signs and play equipment) jointly operate Co-op Park.
- Village and Park District created IGA for North Regional Detention Pond (2007).
- Village and Park District jointly planted tree in memorial of Trustee Sara Lee at the Village Green.
- Village assisted the Park District in acquiring a State grant to fund energy efficient lighting upgrades in Park District facilities.
- Village provided \$1,000,000 interest free loan to assist Park District with the demolition of Maryknoll buildings.

**With Glen Ellyn Public Library:**

- Village and Library jointly purchase employee health insurance.
- Village and Library jointly purchase banking services.
- Village provides Library with payroll and accounts payable administrative services.
- Village provided bondfunding assistance for library construction and refinancing efforts (1994 GO Bonds).
  - Refunded 1994 GO's in 2002 for Library debt service savings.

- Village facilitated the sale of the old Library facility at Park/Crescent to SD87 through a 1995 GO issue.
- Village provided financial software services to the Library.
- Public Works has assisted in making signs for the Library.
- Village's Police Department works jointly with the Library on the Reading partner program.

**With Glen Ellyn Volunteer Fire Company:**

- Village provided financial software services to the Fire Company.
- Village provides Fire Company with accounts payable administrative services.
- Village provides Facility and Fleet maintenance services.

**With Glen Ellyn School District 41:**

- Village and D42 created a partnership on stormwater detention improvements:
  - IGA governing the reimbursement to the Village by D41 for engineering and stormwater improvements at Ben Franklin School implemented with the 2004 Turner – May Project.
  - IGA governing the reimbursement to School District 41 by the Village of \$50,000 to cover the Village's share of stormwater storage constructed in 2009 at Ben Franklin School by District 41.
- Village provides meeting space to School District when needed.
- Village provides DARE Program.
- Village provides crossing guards.
- Village created a special IGA for public schools in the Village to avoid requiring a special use for schools.
- Village provides Too Good For Drugs program.

**With Glenbard High School District 87:**

- Village provided bond funding assistance for District 87's purchase and renovation of administrative offices (1995 GO Bonds).
- Village provided bondfunding assistance for District 87's purchase of Memorial Park.
- Village installed warning siren in Memorial Park.
- Village provides police officer to serve as high school liaison.
- Village provides the Village Links as a home golf course for high school golf teams.
- Village created a special IGA for public schools in the Village to avoid requiring a special use for schools.

**With Community Consolidated School District 89:**

- Village provides Panfish Park as a site for middle school cross country meets.
- Village provides crossing guards.

- Village created a special IGA for public schools in the Village to avoid requiring a special use for schools.

**With Glen Ellyn Historical Society:**

- Village and Historical Society created an operating agreement to allow the Society to use and operate the History Park land and buildings, which are owned by the Village.

**With DuPage County/State of Illinois:**

- The Village's Police Department participates in a number of teams through the County and State including:
  - Swat Team
  - Drug Team
  - Arson Task Force
  - Accident Reconstruction
  - ILEAS (Illinois Emergency Alarm System ("mutual aid"))