

MINUTES

LA GRANGE 2020 TASK FORCE

Village Hall Auditorium
53 South La Grange Road
La Grange, IL 60525

Wednesday, December 18, 2013

I. CALL TO ORDER AND ROLL CALL

A meeting of the La Grange 2020 Task Force was held on December 18, 2013 in the Auditorium of the Village Hall at 53 South La Grange Road, La Grange, IL, beginning at 7:13 p.m.

Present and Constituting a Quorum: Chairperson Diane Gormely-Barnes, Jim Arnold, Laura Blentlinger, John Boehms, Ellen Brewin, David Bucaro, Julie Bunnell, Margaret Carlson, Clayton Edwards, Elyse Hoffenberg, Katie Justak, Wayne Kardatzke, Michael Kotynek, Meg LeFaivre, Karrie Lange, Anthony Lewandowski, Caitlin Malloy-Marcon, Scott McPherson, Mark Nelson, Steve Palmer, John Pappas, Sherry L. Robinson, Lisa Sagami, David Schwartz, Jeremy Strayer, Ray Swiatek, Laura Tussing, Lester Williams.

Absent: Michael Cameron, Karen Deane, Ken Eastman, Michelle Halm, Richard Holly, Jimmy Janevski, Bill Johnson, Bridget Lacey, Mark A. Lies II, John Lorenzen, Ellen MacEntee, Suzie Mosher, Mark Reich, Russ Riberto, Elizabeth Stiles, Glenn Wentink, David Wilkinson, Rebecca Wimbush.

Also Present: President Tom Livingston, Village Clerk John Burns, Trustee Jim Palermo, Village Manager Robert Pilipiszyn, Assistant Village Manager Andrianna Peterson, and Finance Director Lou Cipparrone.

II. APPROVAL OF MINUTES

The minutes of the meeting on November 20, 2013 was presented for approval. Michael Kotynek made a motion which was seconded by Margaret Carlson to accept the minutes as presented. Motion carried.

III. OPENING REMARKS

Chairperson Diane Gormely-Barnes welcomed task force members and introduced Finance Director Lou Cipparrone, who will be providing a presentation on the topic

of Village finances. At the conclusion of the presentation, task force members will be asked to participate in a small group discussion.

Chairperson Gormely-Barnes also introduced President Tom Livingston who expressed gratitude to Task Force members for their time and noted that the group is on schedule. President Livingston advised the Task Force that it is the time of year where the Village shifts its focus from tactical operations to strategic goals and objectives. In November, the Village Board participated in a strategic planning exercise which helps plan the overall direction for the community as it enters into the budgeting process.

President Livingston acknowledged that the Village has received the Distinguished Budget Award from the Government Finance Officer's Association for the past nineteen years. He noted that part of the strategic thinking that is involved in budget development must balance the current benefits of our vibrant Village with allocating resources to other quality of life issues.

President Livingston announced that Chairperson Gormely-Barnes will be moving out of town before the January meeting and therefore he is soliciting interest for a new chairperson. Interested Task Force members are asked to call or e mail President Livingston directly.

President Livingston noted that Finance Director Lou Cipparrone recently celebrated a twenty-year milestone of service with the Village.

IV. VILLAGE FINANCES - PRESENTATION

Finance Director Lou Cipparrone provided an overview of fund accounting and the Village's budgeting process. The main objective of the document is to demonstrate how Village resources are being utilized to provide public services. Municipal governments are required to utilize fund accounting under generally accepted accounting principles because it emphasizes accountability rather than profitability.

The Village budget consists of various funds, some of which are earmarked by law for specific purposes. In addition to these Special Revenue funds, the budget also contains funds for Capital Projects, Debt Service, Water and Sewer, Parking, Equipment Replacement, and Fire and Police Pensions.

Historically, the Village has taken a conservative approach to debt financing, electing to issue debt (bonds) when improvements cannot be financed using current revenues. The Village currently maintains Aa2 rating, which is a high bond rating for a non-home rule community.

The General Fund is the main operating fund for the Village. Because the Village is a service oriented business, salary and benefits for employees makes up approximately

71.8% of the annual operating budget, the majority allocated to the Police and Fire Departments.

Director Cipparrone noted that the Village's portion of the property tax bill is approximately 11.3%, and property tax provides 50.3% of the Village's total annual revenue. Other significant General Fund revenues include income tax, sales tax, utility tax / cable franchise fees, vehicle / animal licenses, building permits and ambulance transport fees.

Director Cipparrone noted the success of the Tax Increment Financing District in the early 2000's as a catalyst to creating a thriving Central Business District. Conversely, the recession in the late 2000's resulted in financial challenges to the Village. Rising unemployment resulted in a significant decrease in income tax receipts, while interest rates decreased and remain at historical lows. Residential and commercial housing projects slowed, resulting in a loss of building permit revenue and sales tax remained stagnant.

As revenues decreased and operating costs continued to increase, the Village developed and implemented a comprehensive and multi-year cost containment strategy, largely involving a reduction of personnel expenses by \$500,000 per year, to stabilize finances. In total, the Village's cost containment efforts have resulted in expenditure reductions of over \$1.5M in the General Fund, while continuing to provide core Village services to residents.

The cost containment plan, coupled with increasing revenues as the economy continues to recover, has resulted in the overall stabilization of Village finances. However, fiscal challenges are still anticipated as the Village attempts to replenish its reserves; address increasing pension fund contributions; and maintain the delivery of core services. Potential revenue enhancements are also planned including an increase in the Utility Tax. Therefore, the Village conservatively projects a "status quo" budget for the next 5 years, with no new staffing or programs.

At the conclusion of the presentations, Task Force members asked several questions regarding: 1) the planned utility tax increase; 2) how the Village budgets for sales tax growth; 3) a proposed Food and Beverage Tax; 4) pension funding, including the impact of mortality table changes; 5) capital funding, 6) projected taxes and service demand for the redevelopment of the YMCA property; 6) pay-as-you-go vs. bonding; 7) grants; 8) water rates; 9) increases to the Special Service Area; and 10) investment properties being taxed at a higher level. Village staff provided responses as appropriate.

V. DISCUSSION

Chairperson Gormely-Barnes referred to a handout which included questions for small group discussion. Each small group was asked to look ahead and determine what aspects of Village government service are of importance to La Grange's

competitive advantage as a thriving community and if there is a preferred way of addressing additional revenues and / or reducing costs.

The results of these discussions are attached.

Chairperson Gormely-Barnes thanked the Task Force members for their input and indicated that the subject of the next meeting on January 15, 2014 will be infrastructure.

VI. ADJOURNMENT

There being nothing further to come before the La Grange 2020 Task Force, the meeting was adjourned at 9:13 p.m.

Respectfully Submitted:

Andrianna Peterson
Assistant Village Manager