

# FISCAL YEAR 2018 BUDGET KICKOFF MEETING



ORLAND PARK

May 31, 2017 - 6:00PM

# Meeting Agenda



- ❑ Review Strategic Plan
- ❑ Outline FY2018 Budget Priorities
- ❑ Review Current Financial Position
- ❑ Review FY2018 Budget Assumptions
- ❑ Provide Overview of FY2018 Budget Process
- ❑ Determine Next Steps

# Meeting Takeaways



ORLAND PARK

- ❑ Outline of Board's Budget Priorities
- ❑ Consensus on Proposed Budget Assumptions
- ❑ Agreement with Proposed Budget Methodology

# Village of Orland Park Strategic Pillars



## ECONOMIC DEVELOPMENT

**Support** the formation of an I-80 Development Initiative.

**Recruit** targeted professional services, restaurants, and entertainment businesses to the Village of Orland Park.

**Develop** a program for the revitalization of legacy retail centers in Orland Park.



## DOWNTOWN DEVELOPMENT

Support a long-term plan for the **development** of the village's downtown area.

Program Downtown Orland Park with community **events**.

Downtown Orland Park blends the Old Orland Historic District with the village's present and future, offering a **pedestrian friendly** environment with both residential and commercial uses.



## QUALITY OF LIFE

**Provide resources** and support for the continued delivery of best-in-class core services to Village of Orland Park residents and businesses.

Provide for the maintenance and improvement of village parks, facilities and open spaces.

**Maintain** and enhance intra-Orland Park transportation.

**Enhance** two-way communication with the community.

**Support** programs that focus on improving **public safety**.



## HIGH PERFORMING ORGANIZATION (HPO)

**Increased** automation of village services

**Implement** Lean Six Sigma Methodology

**Integrate** technology across the entire organization

**Dedication** to employee development

**Data-driven** performance management

Business process **improvement**

# Board's Budget Priorities



# Village's Current Financial Position



- G.O. Bond Rating
  - Moody's Aa1 - Large tax base with strong incomes, healthy operating reserves and available liquidity, broad financial flexibility based on home rule status
  - Standard & Poor's AA+ - Very strong economy with access to broad/diverse metropolitan area, strong management, good financial policies and practices, strong budgetary performance/flexibility, very strong liquidity, adequate debt and contingent liabilities
- Fund Balance Reserves
  - Board approved reserve policies for General, Park Development, HRST, Water & Sewer, Road Exaction, Capital Improvement and Insurance Funds
  - Reserves meet or exceed Board approved policy requirements for all funds, with the exception of the Capital Improvement and the Road Exaction Funds
    - One time partial draw-down in FY2016 of the Capital Improvement and Road Exaction Fund reserves to finance various capital projects – partially replenished in FY2017, with remainder to be replenished in FY2018

# Village's Current Financial Position (Cont'd.)



- Outstanding Debt –
  - Policy is to issue debt only to fund specific, one-time capital projects when current operating revenues and/or available fund balances are not sufficient to cover the total cost of the capital project(s)
  - As of 1/1/2017, the Village's outstanding GO debt (principal only) equaled \$78,910,000 and total lines of credit outstanding equaled \$30,456,872, a decrease of approximately \$7.9 million compared to 1/1/2016
    - Current outstanding debt funded –
      - Main Street Triangle Development and Infrastructure
      - New Police Facility
      - 8M Gallon Water Reservoir Addition
      - Road Reconstruction Projects, including Orland Parkway
      - Storm Water Management Projects
      - CPAC Expansion, Sportsplex Construction, Open Lands Acquisitions

# Village's Current Financial Position (Cont'd.)



- Property Tax Levy
  - Remained flat for the past 6 years; rate fluctuates based on changes in EAV
    - 2016 tax rate less than 2015 tax rate due to growth in EAV of 5.16%
  - 2016 levy (collected in 2017) reflects ~\$4 million in abatements
  - Ability to issue property tax rebates to residents for the 12 of the last 15 years
- Sales Tax Revenue
  - Rank 9<sup>th</sup> in the state in total sales tax dollars, 2<sup>nd</sup> per capita compared with the top 10 sales tax revenue communities



# Current Financial Position (Cont'd.)

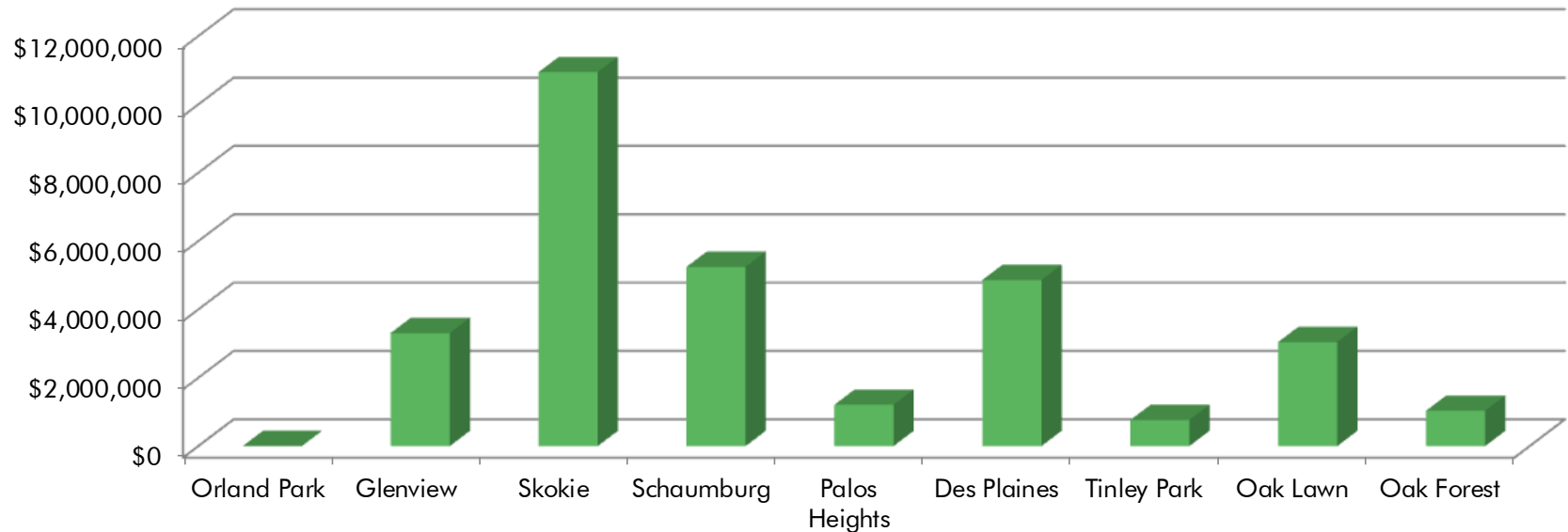


- Continued growth in permits issued
  - 2016 - 62 new residential permits and 2,471 permits for improvement to existing residential property, 6 new and 819 permits for existing commercial properties
  - Total residential private and commercial investment totaled \$42,364,576 and \$56,278,689 respectively

# Comparable Statistics

## Other Revenue Sources

Food & Beverage Tax, Real Estate Transfer Tax, Utility Tax, Gasoline Tax, & Amusement Tax



Property Tax Rate	0.714	1.066	1.228	1.298	1.562	1.713	1.906	1.935	2.627
Debt to EAV Ratio	5.66%	4.87%	4.06%	10.31%	0.24%	2.57%	3.99%	6.32%	7.75%

# 2017 Projected Unreserved Fund Balance

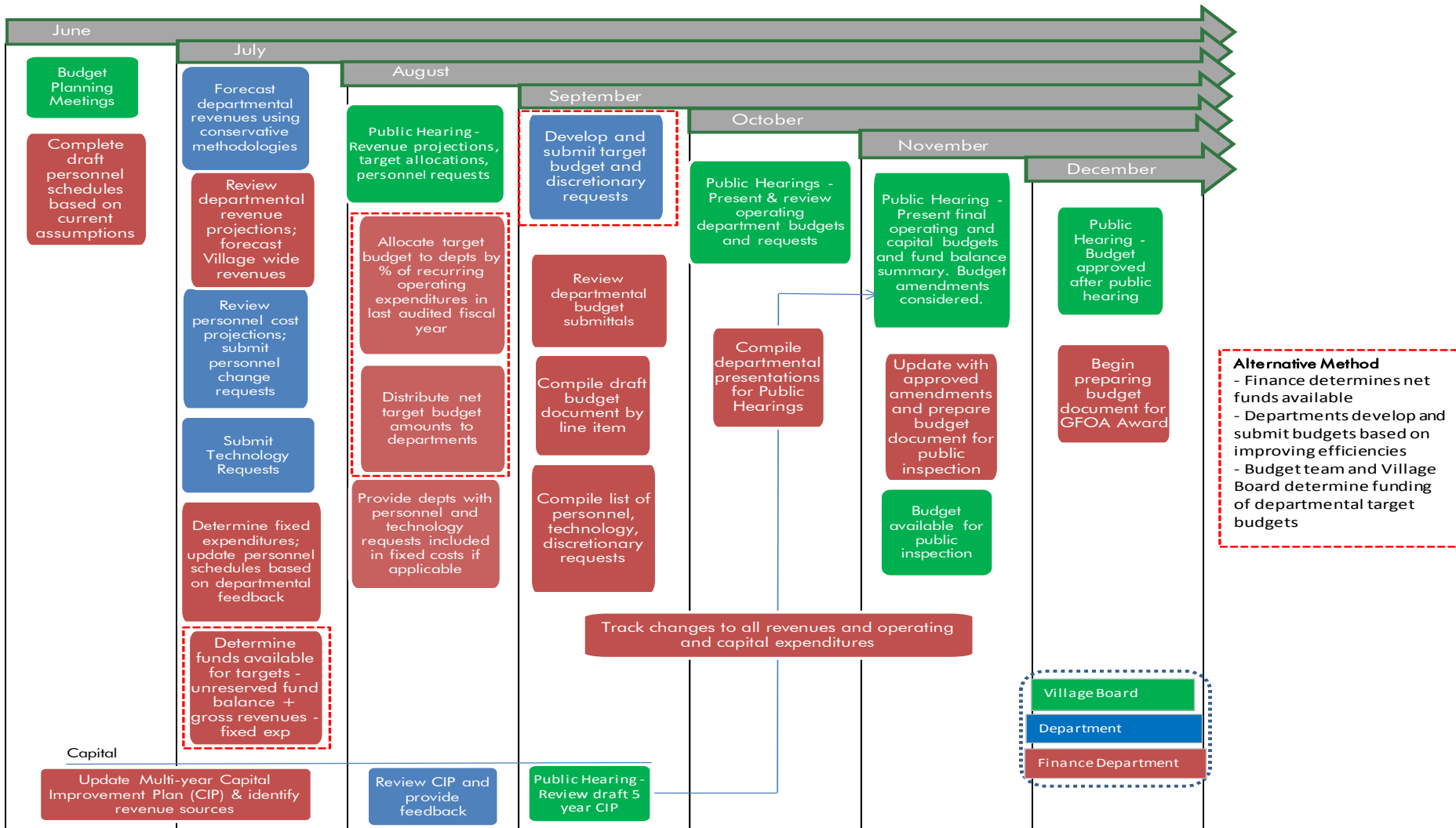


Fund Description	Board Authorized Reserves @12/31/2016	Excess Cash over Board Authorized Reserves @12/31/2016	Budgeted Revenues FY2017	Budgeted Expenditures FY2017	Projected Board Authorized Reserve @12/31/2017	Projected Excess Cash over Board Authorized Reserves @12/31/2017
010 : General Fund	\$ 31,576,251	\$ 4,164,323	\$ 46,993,083	\$ 55,358,757	\$ 26,243,925	\$ 1,130,974
283 : Recreation and Parks	-	8,057	14,013,935	14,021,992	-	-
021 : Civic Center	-	150	284,111	284,261	-	-
031 : Water and Sewer	8,065,793	12,660,324	35,420,571	45,306,050	8,499,363	2,341,275

**Balanced Budget** – A budget of a fund shall be considered “balanced” when planned revenues and/or existing unreserved fund equity equal or exceed planned expenditures for a fiscal year.

**Board Authorized Reserves** – Amounts set aside per Board policy to mitigate revenue shortfalls and/or unanticipated expenditures and to provide for emergency/contingency needs. Reserves are an important consideration in long-term financial planning and credit rating agencies utilize reserve levels to evaluate a government’s creditworthiness.

# Budget Process & Methodology



# Proposed Budget Assumptions



- ❑ Property tax levy will remain flat, meaning the total dollar amount of the Village's levy will not increase over the previous year
- ❑ Overall revenue forecast will not include any new revenue sources
- ❑ Issuance of additional debt will not be included as a revenue source
- ❑ Reserves will be maintained as per Board approved reserve policies
- ❑ Planned draw-downs on reserves in prior years will be replenished
- ❑ General Fund operating subsidy to the Recreation & Parks Fund will not exceed 50% of operating expenditures
- ❑ General Fund will continue to provide operating subsidies to the Civic Center and Open Lands Funds

# Proposed Revenue Budget Assumptions



- ❑ **Sales Tax**
  - ❑ Evaluate current trends and consult indices/information, review sales tax reports received from the State for various business entities, and consult the Melaniphy Chicagoland Retail Sales Reports
  - ❑ FY16 actual - .48% over FY15 actual, .95% over FY16 budget. FY17 collections to date 4.3% under budget, 3.0% under FY16 actual for same period. Will budget conservative increase of no more than 1% over FY16 actual
- ❑ **Property Tax**
  - ❑ Total amount of the levy = \$13,425,519, consistent with prior year
  - ❑ Project increase to the Equalized Assessed Value (EAV) of no more than 2%
- ❑ **State Shared Revenue**
  - ❑ Calculate based on Illinois Municipal League per capita estimates received in April 2017. Estimates are updated as new information becomes available.

# Proposed Revenue Budget Assumptions (Cont'd).



- **Development Related Fees**
  - Projections for new residential and commercial developments obtained from Development Services based on the most current information available.
- **Water Service Fees**
  - Water & sewer rates determine by reviewing the City of Chicago and Village of Oak Lawn water rates, other operating and capital expenditures and future usage projections. Village's share of the debt service costs on the RWS project will be factored in to future rates
- **Recreation Fees**
  - Assuming no rate increases for memberships, rentals or daily admissions. Recreation staff analyzes program fees on a program by program basis when formulating programs for each season

# Budget Assumptions - Expenditures



## Personnel Costs

- Budgets are formulated at the position level
  - 2.5% annual increases – MAP, AFSCME, OPSSA, IBEW, IUOE, 2.0% annual increases – Non-Union
- Benefit costs are determined based on information provided by Village’s benefits consultant
  - 6.0% health & dental insurance increase
  - 12.32% IMRF rate

## Contracted Services

- Most budgets are determined based on terms of contracts
- Liability and Worker’s Compensation
  - 3% premium increase
  - Budgets for claims are determined by reviewing trends and feedback from the appropriate departments

## Capital Improvements

- Rolling five year capital plan is updated annually, and includes a listing of all current and future year planned capital projects, along with a detailed description, funding source and location of each project

## Other

- Budgets are developed by reviewing annual trends and receiving feedback from departments
- Transfer to the CIP Fund of vehicle license and road and bridge tax revenue



# Next Steps