

MINUTES OF THE SPECIAL JOINT MEETING OF THE MUNICIPAL SERVICES COMMITTEE, THE FINANCE & ADMINISTRATION COMMITTEE AND THE PUBLIC SAFETY COMMITTEE OF THE VILLAGE OF WILLOWBROOK HELD ON MONDAY, FEBRUARY 19, 2018 AT 5:00 P.M. IN THE WILLOWBROOK POLICE DEPARTMENT TRAINING ROOM, 7760 QUINCY STREET, WILLOWBROOK, DUPAGE COUNTY, IL.

1. CALL TO ORDER

The meeting was called to order by Trustee Davi at 5:01 p.m.

2. ROLL CALL

Those present at roll call were Trustees Sue Berglund, Umberto Davi, Mike Mistele, Gayle Neal, Paul Oggerino, Village Administrator Tim Halik, Chief of Police Robert Pavelchik, Finance Director Carrie Dittman, Deputy Chief Bob Schaller and Assistant to the Village Administrator Garrett Hummel.

ABSENT: At time of roll call - Trustee Terry Kelly

3. Approval of Minutes

Minutes of the Regular Finance/Administration Committee held on Monday, November 13, 2017; Minutes of the Regular Municipal Services Committee held on Monday, November 13, 2017; and Minutes of the Special Public Safety Committee held on Monday, December 18, 2017 were reviewed. Trustee Davi made a motion to approve the minutes as presented. Trustee Neal seconded the motion. Motion Carried.

NOTE: Trustee Kelly arrived at 5:35 PM.

4. REVIEW - Fiscal Year 2018/19 Budget

Director Dittman began by thanking everyone for taking the time to meet to review the Village's FY 2018/19 as it currently stands. Director Dittman indicated that the evening's format includes a review of the tentative budget thus far as well as revenue assumptions, anticipated departmental spending, and ending fund balances for the Village's major funds. Director Dittman pointed out that this budget preview does not include any discretionary items, however a sneak peek will be provided tonight.

Director Dittman explained that with respect to departmental spending, each line item was analyzed and amounts budgeted were based on maintaining the status quo with current programs. No automatic escalations were assumed for the FY 2018/19 budget however, some escalations were used in the 5-year forecast budgets. Salary increases for non-union employees have not been included in the budget while a 2.5% increase has been included for patrol officers and sergeants. A personnel discussion will take place at the March budget workshop.

Director Dittman briefly went over the timeline for the FY 2018/19 budget schedule highlighting several dates including the Board Budget Workshop I on March 19, 2018, the board budget workshop II (if needed) on April 9, 2018 and finally, the budget approval date of April 23, 2018.

Next, Director Dittman explained that the proposed budget maintains all existing services and programs. The proposed FY 18/19 budget ends with 179 days of operating expense in the General Fund and reserves as of 04/30/2019 of \$4,129,819. 1 "day" projected cost to run the Village's General Fund is \$23,048.

Director Dittman continued by explaining that a 5-year forecast for the General Fund and Water Fund are presented later in the presentation. The 5-year plan includes assumptions for future revenue (generally a 1% annual increase for the General Fund but a 0% increase for the Water Fund) and expenditure increases (generally 3% for most expenditures, although 0% for salaries and 5-10% for future insurance and pension costs). The 5-year plan also shows the projected changes in fund balance, daily cost to operate the fund and the number of days operating reserve for both the General Fund and the Water Fund.

Director Dittman next went over the General Fund highlights pointing out that the FY 2018/19 budget presents a General Fund drawdown of reserves of \$481,876. Director Dittman made note that although the large capital projects that have been ongoing the last few years, such as the police department renovation and water tower repainting are now concluded, the Village's revenues are also down which attributes to the deficit spending projected. Also, included in the highlights were insurance and pension contribution figures. Director Dittman reiterated the proposed budget includes no salary increases for non-union employees and a 2.50% wage increase per the police labor agreement. FY 18/19 is the final year of the 3-year police contract.

With respect to health insurance costs, Director Dittman noted the Village's insurance pool, IPBC, has indicated an increase of 3.9%, although final rates have not been voted on at this time. IPBC Board of Directors will vote on final rates in March and the expense will be updated at that time. This number may also increase to roughly 5% if Burr Ridge decides to withdraw from IPBC. The Village's dental insurance provided by Delta Dental will have no rate increase.

Finally, Director Dittman touched upon pension costs stating the Police Pension contribution will have a decrease of 0.03% while IMRF Pension contribution will have a decrease of 0.69%.

Next, Director Dittman went over a table detailing the reserve drawdown by department.

Change in total General Fund revenues - down 8.15% or \$739,325 for FY 18/19.

Total General Fund expenditures are expected to decrease by nearly \$2.5 million, down to \$8.8 million.

Most of the departments have reductions in the budget as capital projects have concluded or been deferred, which are described on an upcoming slide. However, even with that big of an expenditure reduction, we are still projecting a drawdown of General Fund reserves of \$481,876.

Director Dittman pointed out that General Fund revenues are projected to decrease by \$739,000 overall, which is an 8.15% decrease compared to the current budget. Director Dittman next elaborated on each individual revenue source:

Sales tax - Actual collections this year are trending about 7% over what was budgeted as of January 2018. This equates to an estimated FY 17/18 collection of about \$3.8 million. For next year, any sales tax growth from Marshall's/Sketcher's (taking over the vacant Sports Authority site) or Pete's Fresh Market and it's out lot stores have not been factored in due to uncertainty as to the timing of their occupancy and store openings. To be conservative, the budget for sales tax remains the same at \$3.6 million.

Income tax - Also known as the Local Government Distributive Fund or LGDF, a State shared revenue that is based on population. The Illinois Municipal League (IML) monitors state shared revenues and puts out estimates of what they believe the sharing will be. In the next year's budget, the IML estimate is \$95.80 per capita or \$818,132. This is a reduction from the current year budget of \$44,000. There remains the possibility of a continuing reduction in the LGDF by the State of Illinois, as was proposed by Governor Rauner in his 2019 budget address on 2/14/18. Director Dittman stated the Village has not currently included the reduction in the budget, but will monitor the legislative status and modify if needed for the March workshop. A continued 10% reduction would be about \$82,000 and would bring the income tax revenue amount to about \$736,318. This would in turn reduce the General Fund days' reserve by about 3.5 days. Director Dittman reminded the Board that part of the Series 2015 ARS Bonds are secured by income taxes (with the other part coming from water revenues). About \$279,000 of the annual income taxes comes off the top to pay the principal and interest on the bonds.

Amusement tax - There is no change budgeted for this revenue, however Director Dittman noted if the proposed ice arena that is interested in the former Whole Foods building opens, the Village could potentially bring in \$120,000 annually in amusement tax. This number is based on a 6% share of the estimated \$2 million in sales. The prospective developer has indicated an opening date of August 1, 2018. Additionally, if the gun club or bowling alley opens/reopens, that would be another source of amusement tax.

Utility tax - Director Dittman explained that the utility tax line consists of three different items: electric tax (ComEd), gas tax (Nicor), and telecom tax (from various telephone carriers collected by and remitted to us by the state). Utility tax has a budget reduction of \$50,000 for FY 18/19. This is because telecom tax continues to drop each year as landlines are abandoned in favor of maintaining just a cell phone. This portion of the utility tax revenue will likely never recover to the levels we previously saw. The telecom tax rate is already at the max of 6% so there is no ability to increase that. ComEd and Nicor rates are at 5%. Total revenue for utility tax is budgeted next year at

\$950,000.

Places of eating tax - Director Dittman stated this tax is stable and no change is planned. Any potential restaurant opening in the Pete's Fresh Market development has not been taken into consideration. The Village will take a wait and see approach on how they perform in FY 18/19. This revenue source is \$485,000.

Permit fees - This revenue was increased by \$10,000 bringing it up to \$250,000. This increase reflects the trends of the past 5 years of steady increases. Some very large projects occurred this year which raised the revenue far above that level, like Pete's Fresh Market, Compass Arena, and Willowbrook Inn. These projects are non-recurring however and were not included in the increase.

Red light camera fines - There is no change to this revenue. The three intersections are all up and running again, however, since the reinstatement of the intersection of Route 83 and 63rd Street in September 2017, the Village has not seen any increase in the revenue that would have been expected as that approach was down for the entire prior year. As of January 2018, the Village is trending right in line with the budget so the decision was made to maintain next year's budget at the same level.

Water overhead reimbursement - This revenue was decreased by \$61,000. The Water Fund reimburses the General Fund for certain expenses charged directly to the General Fund that the Water Fund benefits from such as portions of salaries, building costs, insurance premiums and other operating expenses. As the General Fund expenses have decreased, the related reimbursement has also decreased.

Grants - This revenue was decreased by \$472,000. The current year budget included \$400,000 for Willow Pond Park which is non-recurring and we expect to receive that reimbursement by the end of April. Also, \$74,600 for the prior LED Streetlight project, which is complete, has been received. The remaining \$57,000 relates to an old DCEO grant. The Village was awarded \$60,000 for a Knoll's Lake drainage improvement project. The project was determined to not be possible so the Village has attempted to get the funding transferred to an alternate project. As of right now, the Village has not received approval from the State to apply the grant to any alternate projects.

NARCINT - Seizure funds collected from the NARCINT program were planned to be used to pay for alternates 1 & 3 on the PD renovation. This year, \$153,000 was assumed would be available for that project. Only about \$101,000 was available. As the project is complete, and the NARCINT officer is no longer in the program, the next year's NARCINT budget is \$0.

Director Dittman next focused on the Police pension contribution costs stating the actuary's recommended amount is \$871,084, which is a decrease of \$279 from last year's contribution. The valuation was performed assuming Entry Age Normal actuarial cost method and assuming the fund

would be 100% funded as of 2040. The actuary also prepares a second funding amount which represents the statutory minimum, using Projected Unit Credit actuarial cost method and assuming only 90% funded by 2040. That amount is \$579,258. Both valuations were performed as of 04/30/2017. They do not factor in the recent retirements of Chief Mark Shelton and Officer Ted Kolodziej which occurred in July 2017, nor the retirement of Sergeant Svehla on January 1, 2018. The current annual pension amounts for just those 3 individuals is \$250,000 per year. Currently, the Police Pension Fund is paying out over \$1.3 million annually in benefits consisting of 15 retirees, 2 disabilities and 1 surviving spouse. The next valuation will include these 3 individuals and the annual contribution required by the Village is likely going to surpass \$1 million. As of 04/30/2017, the Police Pension Fund was about 73% funded.

Director Dittman continued with the pension costs associated with IMRF. She noted that IMRF is not a self-managed fund as the Police Pension Fund is. The Village was notified by IMRF that our employer contribution rate for 2018 dropped from 15.43% to 14.74% of covered payroll. The contribution rate to IMRF has actually been going down every year since 2013. The amount in the budget is based on 12 months of the 2018 rate, although the 4 months in 2019 will be at a different rate which is currently unknown. The total amount budgeted to be spent on the Village's IMRF contribution for FY 18/19 is \$179,459, which is a decrease of \$30,162 or .69% from the FY 17/18 budgeted cost. As of 12/31/2016 IMRF was about 83% funded.

Administrator Halik explained the Water & Water Capital Funds beginning with a project to upgrade the Village's Data Collection Units (DCU's). DCU's wirelessly collect Village water readings and transmit them to the Village Hall. As Verizon is making changes to their network, the Village's three DCU's will need upgrades in order to continue broadcasting. The cost for the upgrades is \$21,500.

Administrator Halik next elaborated on a project that would convert the Village's chlorine gas water disinfection system to a sodium hypochlorite system. Currently, the Village disinfects its water in the water tanks through the use of chlorine gas. Administrator Halik explained the use of this gas is dangerous and requires a careful handling and gas masks. The sodium hypochlorite system would use disinfectant tablets similar to the tablets that are used in a pool. These are much easier and safer to handle. Administrator Halik explained he has monitored other communities that have gone to this system and stated they all recommend it. The cost of the changeover is relatively inexpensive at \$6,315.

Director Dittman explained future projects are to be funded by annual transfers from the Water Fund. In FY 18/19, \$400,000 will be transferred.

Director Dittman continued with explanation of the Water and Water Capital Fund debt expenses starting with the IEPA Loan which is in repayment year 2 of 20. The IEPA Loan was issued to pay for the standpipe re-coating project at a cost of about \$929,000. The loan carries an interest rate of 1.86%. Total cost for FY 18/19 is \$54,448 of which \$38,837 is principal. The second debt instrument is the Series 2015 GO

ARS Bonds. The bonds were issued in April 2015 to accomplish three things: Pay for the recoating of the first of the three Village water tanks, to refund the then outstanding Series 2008 bonds, and to pay for the police department renovation project. The repayment in FY 18/19 related to the water tower #1 re-coating is \$20,422. The refunding of the Series 2008 bonds that related to the water system are also paid for by the Water Fund, and the FY 18/19 amount is \$46,601. These bonds also have a 20-year repayment schedule, maturing in FY 2035, and carry interest rates ranging from 2.00%-3.00%.

Administrator Halik presented the 2018/19 Motor Fuel Tax Fund highlights. This year's Roadway Maintenance Program includes an overlay of 79th Street, along with the replacement of defective concrete such as sidewalks and curbs as well as ADA upgrades adjacent to 79th Street. In addition, full-depth patching and the replacement of worn pavement markings throughout the remainder of town. Administrator Halik stated there will be approximately \$267,382 available in the MFT Fund to complete this year's program. Administrator Halik also acknowledged that the Public Works department would evaluate Village roads after the winter and before finalizing the road program contract to make sure no problem areas developed during the winter.

Director Dittman called the group's attention back to the Village's debt, specifically the Series 2015 GO ARS Bonds stating they are called Alternate Revenue Source because a non-property tax is pledged to repay them; in this case, income taxes for the police station portion and water user fees for the water tank portion. If these pledged revenues were insufficient to pay the principal and interest for that year, a general property tax would be automatically levied as it is written in the bond ordinance.

The property tax must therefore be abated each year to avoid it going on the tax rolls. If the board recalls, the annual abatement ordinance was passed at the first February board meeting in 2018. The FY 18/19 principal and interest totals \$325,528, which is funded by \$278,927 in income taxes from the General Fund and \$46,601 water fees from the Water Fund.

Director Dittman explained the General Fund financial performance. The estimated actual revenues for FY 2018 outperformed the budget by \$260,000 due to several factors including sales tax being an estimated \$235,000 over budget. Building permits are projected to come in at \$187,000 over budget. Court/traffic fines will be \$45,000 over budget and other revenues will be \$85,000 over estimates. \$52,275 of the \$85,000 was a reimbursement related to the Speedway fuel spill. These are offset by: income tax is projected at \$94,000 below budget due to the 10% reduction in LGDF by the state; utility tax is tracking at \$63,000 below budget while grants and NARCINT funds are both below budget at \$130,000 and \$52,000, respectively. Trustee Berglund inquired as to why the Village no longer participates in the NARCINT program. Chief Pavelchik stated it was because the PD is short staffed. Taking into account these projections, Director Dittman estimates 195 days of operating reserves at April 30, 2018, which is above the target of 120.

Director Dittman next compared the General Fund estimated actual expenditures to the FY 17/18 budgeted amounts. Overall, the General Fund expenditures came in at roughly \$402,000 under budget. Reasons for this were: the deferral of the \$275,000 Village Hall parking lot replacement; IRMA insurance premium coming in \$68,000 under budget; ADA park improvements were under budget by \$48,000; Police fuel costs and vehicle repairs were \$20,000 and \$16,000 under budget, respectively; Police body cameras budgeted at \$33,846 were not purchased; NARCINT expense applied toward the PD renovation was \$64,000 under budget due to lower than expected NARCINT revenues. Several expenses did come in over budget such as: neighborhood parks were \$85,000 over budget; tree maintenance was \$112,000 over budget due mainly to storm damage cleanup; building department consulting was \$60,000 which was not budgeted and building department plan review being \$67,000 over budget.

Director Dittman summarized the financials by stating the FY 17/18 budget included a planned drawdown of reserves in the amount of \$2,206,527 which resulted in 150 days of operating expense in reserves. It turns out the FY 17/18 estimated actual projects a year-end drawdown of reserves of only \$1,544,028, resulting in 195 days of operating reserve. The FY 18/19 budget projects a year-end drawdown of reserves in the amount of \$481,876, resulting in 179 days of operating reserve. Director Dittman noted the target operating reserve goal is 120 days.

Director Dittman elaborated on the concept of operating days expense by stating 1 operating day is equal to \$23,048 in the FY 18/19 budget. The amount of projected fund balance as of 04/30/19 is \$4,129,819 which can fund the General Fund's daily operating expenditures for 179 days. Also important is producing a balanced budget.

Director Dittman continued the examination of the Village's financial condition by discussing the Village's bond rating. On February 7, 2014, Standard & Poor's increased the Village's bond rating 2 levels to AAA. With the issuance of the Series 2015 bonds in April 2015, S&P confirmed the AAA rating. Director Dittman reminded the Board of last year's discussion of the 7 underlying factors which determine the Village's bond rating. Bond rating agencies like to see General Fund fund balance maintained at minimum 30% of annual operating expenditures. When the fund can sustain fund balance at 75% of annual operating expenditures, the rating will notch up if it was "on the fence". In FY 15, 16, and 17, fund balance was 75-76% of operating expense. FY 18 dropped to 47% and FY 19 is projected at 48%.

Director Dittman explained that deficit spending is one of the measures of financial condition. The projections for the next five years show deficit spending in each year which results in a progressively declining fund balance and number of General Fund operating days. Director Dittman pointed out the need for additional revenues moving forward. Specifically, the sales tax proceeds from Pete's Fresh Market, Marshall's, and Skechers will help to lessen the deficits. With limited ability to raise revenues, Director Dittman suggested that a property tax for police pension contributions may be needed in the future as those

will be increasing drastically in the next few years.

Director Dittman also explained that to reduce the deficit, spending needs to be monitored/reduced. In keeping with that theme, Director Dittman stated there are no significant capital spending items included over the next few years except for two police vehicles in FY 18/19. Also, there are no discretionary items or non-police union raises included in this year's (or future years) proposed budgets.

Director Dittman next shifted the focus to the Water Fund explaining that the Water Fund's working capital is projected to be \$1,859,938 at April 30, 2019. Working capital is a measure of liquidity. The number of days reserves as of 4/30/19 is 218 days, and the target is 90. The daily cost to operate the Water Fund in FY 18/19 is \$8,529.

In the MFT Fund, the projected fund balance as of 4/30/19 is \$245,976.

Director Dittman stated the group would now take a look at departmental budgets starting with the Village Board & Clerk budget which includes \$5,310 for conferences and meetings. The Board of Police Commissioners include \$10,000 for written exams and \$5,000 for all other exams.

The largest planned expenditure in the Administration department is a transfer to the Debt Service Fund for the 2015 bonds of \$278,927.

In Planning & Economic Development the Village will continue with outsourcing the Planner position for \$100,000.

For the Parks & Recreation department there are several planned expenditures including the continuation of the partnership with the Burr Ridge Park District for program hosting at a cost of \$15,000. Administrator Halik explained the Village has received a few complaints related to the condition of fences in the Village's parks so a proposal was sought. For \$41,137 all fences, backstops, etc. will be repaired. \$9,525 is included for the 2018 Family Special Event Race (5K Run) and \$10,000 for a grand opening event for Willow Pond Park. Finally, \$38,541 is budgeted for dues to the Special Recreation Association, these funds will come from the SRA tax levy. \$21,950 in ADA park improvements will come out of the SRA tax levy also if Ridgemoor Park is redeveloped.

In the Finance department there is \$10,000 for a timeclock system for public works. This item was deferred from the previous budget and may be unnecessary if the PD upgrades their scheduling system. \$25,000 for outsourced IT services is included along with \$29,226 for annual Village-wide software licenses and all related IT costs. Finally, \$28,273 is budgeted for the annual audit.

Chief Pavelchik went over the Police department budget highlights starting with the transition of part-time accreditation manager to a staff position. Chief Pavelchik explained this position would be filled in house through the transfer of an officer not a new hire. The police pension contribution is \$871,084. \$13,164 is budgeted as a contribution to DuComm for a new facility. The County is putting in a new county-wide

dispatch and record management system known as DUVIS. This program carries a cost of \$21,071. Chief Pavelchik next spoke on the LEXIPOL policy manual development and subscription for \$10,181 and membership in the DuPage Metropolitan Enforcement Group (DUMEG) for \$11,960. The Chief concluded with capital expenses on two vehicles (K-9 vehicle and a new squad) for \$55,000 and \$42,500 respectively. Trustee Neal inquired as to whether the new squad could be delayed until new revenue starts coming in. Administrator Halik suggested including the funding in the budget but holding off on making the purchase. Administrator Halik also commented that there was \$6,460 included in the PD budget for an irrigation system for the PD building.

Administrator Halik continued with the Public Works department highlights including \$28,957 for a crosswalk at 59th & Holmes at the request of Maercker School District 60. Engineering expenses of \$25,000 are included for the 2018 MFT program (bid contract and construction oversight). Trustee Oggerino asked about having cameras installed at the Public Works building. Administrator Halik said the plan was to have a system installed at that building. Finally, \$33,480 has been budgeted for the new mosquito abatement contract.

There are no large planned expenditures in Building & Zoning.

Director Dittman covered the expenditures for the Water Fund starting with a \$400,000 transfer to the Water Capital Fund. Annual debt service on the 2015 Bonds include \$20,422 for the water tank and \$46,601 for the Water's share of refunding the 2008 Bonds. Finally, the IEPA Loan repayment in the amount of \$54,448.

The Hotel/Motel Tax Fund's only large expenditure is \$75,000 for advertising provided by the DuPage Convention and Visitors Bureau.

The Motor Fuel Tax Fund has \$267,382 budgeted for the FY 18/19 road maintenance program.

The SSA Bond & Interest Fund has \$322,225 budgeted for the annual debt service on SSA bonds.

The Water Capital Improvement Fund has \$21,500 budgeted for DCU upgrades.

The Debt Service Fund includes \$325,528 in the FY 18/19 budget for payment on the 2015 GO bonds.

The Land Acquisition, Facility Expansion & Renovation Fund (L.A.F.E.R) has no planned expenditures.

The Route 83/Plainfield Road Business District Tax Fund includes a potential sales tax rebate of \$900,000 which would leave roughly \$41,000 in the fund.

Director Dittman next compared the projected fund balances as of April 30, 2018 and April 30, 2019. The General Fund is projected to have \$4,611,695 as of 4/30/18 and \$4,129,819 as of 4/30/19. The Water Capital

Fund is estimated at \$63,516 as of 4/30/18 and \$435,201 as of 4/30/19. The LAFER Fund does not have any fund balance in either year. Director Dittman also highlighted two funds available if the Village needed them: the IRMA Excess Surplus Fund which has \$496,064 and the IPBC Terminal Reserve which has \$475,497 (less 2 months of premiums).

Administrator Halik continued with a sneak peek at the discretionary items that will be up for consideration at the Board Budget Workshop on March 19, 2018. The first item is for the replacement of the old sandblasted wood ID signs along Route 83 with new Village electronic entry signs. The cost of this item is \$198,708.

The second item is a renovation of Ridgemoor Park in the amount of \$171,400.

The replacement of the Village Hall parking lot with paver stones was next with a cost of \$231,065.

Next Administrator Halik elaborated on the creation of a master plan for the south-sub area with the goal of helping to promote development. The planning report is estimated at \$45,000.

The next item is the Garfield Avenue Sidewalk Connection Project which would be a joint project with the Village of Burr Ridge in which Willowbrook would be splitting the cost 30/70 with Burr Ridge. This project would require \$53,585 to complete.

Administrator Halik concluded the discretionary items with an option to begin work on the Community Resource Center (CRC) Renovation Project. Administrator Halik proposed splitting the project into two years with the first year focusing on only the buildings exterior. The completion of the exterior would require \$383,000 in the budget.

Administrator Halik concluded the meeting by reminding the Village Board of the Board Budget Workshop, which is scheduled for March 19, 2018 and thanking everyone for their time and effort.

5. VISITOR'S BUSINESS

There were no visitors present at the meeting.

6. ADJOURNMENT

Motion to adjourn was made by Trustee Oggerino. Trustee Davi seconded the motion.

The meeting was adjourned at 6:47 p.m.

(Minutes transcribed by: Garrett Hummel)