

MINUTES OF THE SPECIAL MEETING OF THE MAYOR AND BOARD OF TRUSTEES OF THE VILLAGE OF WILLOWBROOK HELD ON THURSDAY, SEPTEMBER 12, 2019 AT THE WILLOWBROOK POLICE DEPARTMENT, 7760 QUINCY STREET, VILLAGE OF WILLOWBROOK, DUPAGE COUNTY, ILLINOIS.

1. CALL TO ORDER

The meeting was called to order at the hour of 6:00 p.m. by Mayor Frank Trilla.

2. ROLL CALL

Those present at roll call were Mayor Trilla, Trustees Sue Berglund, Terrance Kelly, Michael Mistele, Gayle Neal, and Paul Oggerino.

ABSENT: Village Clerk Leroy Hansen and Trustee Umberto Davi.

Also present were, Village Administrator Brian Pabst, Assistant Village Administrator Michael Mertens, Director of Finance Carrie Dittman, Chief Robert Schaller and Superintendent of Public Works Joe Coons.

A QUORUM WAS DECLARED

3. PLEDGE OF ALLEGIANCE

Mayor Trilla lead everyone in saying the Pledge of Allegiance.

4. VISITORS' BUSINESS

None presented.

5. DISCUSSION - FINANCIAL UPDATE

Director Dittman thanked the Mayor and Board for joining us this evening. Due to Mayor Trilla and Village staff receiving questions and requests for additional information regarding certain items that have recently been presented to the Village Board, staff prepared this evening's presentation to give information to the Village Board on the current state of the Village's finances in order to assist the Board in their decision making process. As this presentation was compiled in a very short amount of time, there are likely areas which the Board may have additional questions on or want further information, and staff is happy to complete further research as requested.

Tonight's presentation encompasses three parts:

Part I - Budget Recap - a look back at the projected financial state of the Village's General Fund when the FY 19/20 budget was adopted by the Village Board in April 2019.

Part II - Financial Projections - an update of the finances of the General Fund thus far in the current fiscal year (May - August).

Part III - a look ahead to next year and into the future.

Director Dittman discussed the General Fund as it was adopted by the Board for FY 19/20, and projections of the next 4 years at that time. Our current fiscal year 19/20 included a planned drawdown of General Fund balance of \$1.7 million. This was projected to yield a fund balance at 4/30/2020 of about \$3.5 million, which is 136 reserve days. 120 reserve days is the minimum target set by the Board years ago. Each future year showed deficit spending and the General Fund balance was projected to drop below the 120-target minimum in FY 21/22.

When the 19/20 budget was adopted, the anticipated drawdown was mostly driven by approved expenditures within the Administration, Police, and Public Works departments. Expenditure increases in those departments contributed the greatest to the planned drawdown. The increased expenditures occurred largely because of events that took place in the middle of FY 18/19 that had not been included in the 18/19 budget, but needed to be added to the 19/20 budget. These expenditures can be further broken down into operating expenditures and capital expenditures.

Director Dittman continued with the overview of operating expenditures. Crisis management expense was not budgeted in FY 18/19 as it was an unknown event when the 18/19 budget was adopted. The news of Sterigenics was released in August 2018, about 4 months into the fiscal year, and therefore was not part of the budget for that year. Because the Village spent roughly \$562,000 on crisis management from August 2018-April 2019, in this budget year (19/20), \$300,000 was added for continuing expenses.

Trustee Mistele asked how much did we incur in the 18/19 budget for that? Director Dittman responded that the Village spent roughly \$562,000 which included testing, legal and other costs.

The former Village Administrator's retirement payout of accumulated vacation and sick time was another new expenditure for 19/20 of approx. \$92,000. \$46,365 added to Administration dept. salary expense, \$23,183 added to Public Works, and \$23,183 added to Water Fund. The split was due to the prior Village

Administrator's dual positions that he held, one as Village Administration and the other as Director of Municipal Services. Beginning in FY 19/20, our new Administrator's salary is charged 100% to Administration.

In Police, the largest increase was due to the police pension contribution, which increased about \$116,000. The total annual contribution to the police pension fund is just short of \$1.0 million. Also, the police budget includes \$33,846 for police body cameras.

In Public Works there was \$30,000 added for remediation work on the trees around Saw Mill Creek. The Superintendent of Public Works position was created upon the announcement of Tim Halik's retirement. Joe Coons was hired in November 2018 to assume many of the duties that were formerly allocated to Tim in his role as Director of Municipal Services. FY 19/20 is the first year this position's salary and benefits have been budgeted, 50% in Public Works and 50% in the Water Fund.

Lastly, a large non-recurring expenditure in the Planning Department was the re-budgeting of \$45,000 for the south sub-area planning study, however this funding may be applied to the Executive Plaza drainage study.

On the capital side, when the Special Recreation Park Tax levy was calculated and adopted, it was assumed at that point that the CRC interior renovation would occur in FY 19/20. As such, a portion of restricted SRA tax dollars previously received plus a small amount of the new levy totaling \$95,000 was budgeted for the ADA related improvements in the CRC - handicapped washrooms, doorways, accessible entrances and sidewalk type amenities. As that project isn't going to occur this year, the related \$95,000 won't be spent this year.

3 Police vehicles have already been purchased.

2 Public works vehicles have been ordered.

Discretionary items that were approved by the Board at the March board budget workshop include:

Village Hall Pylon wall - repairs compete.

Permeable paver parking lot - has been tabled to tonight's meeting. Mike Mertens can provide additional comments on the status.

Village entrance signs - are not yet done.

\$300,000 budgeted for air scrubbing type HVAC units for the Village Hall, Police Dept. and CRC have not yet been purchased.

Garfield Ave sidewalks - this project is on hold due to issues with residents in the Village of Burr Ridge.

Director Dittman explained that each subsequent year included in the 5-year budget included fixed debt payments, 2% annual increases for the sworn police officers, 5% increases for IMRF and health insurance, 10% increases for police pension contributions and 3% increases for most other expenditures. Line items that do NOT have budgeted increases are salaries for all non-sworn employees, capital purchases, crisis management, IT consulting and red light camera fees.

Given the parameters just discussed, when the budget was adopted last April, the future General Fund reserve days in FY 21/22 fall to the 120-day minimum reserve amount, and in FY 25/26 fall into a negative fund balance position.

Director Dittman proceeded to present Part II, Financial Projections for FY 19/20, beginning with revenue projections. Sales taxes (exclusive of the Business District which is restricted and reported in a separate fund), are projected at \$4.47 million. This represents unrestricted, spendable dollars. This includes the effect of the opening of the new Pete's Fresh Market development and the Marshall's/Skechers stores. Utility tax is projected to come in under budget. Income tax, red light fines, places of eating tax and building permits are projected to come in above budget.

On the expenditures side by department, based on a department head staff meeting held this past Monday, Director Dittman updated the projected expenditures for the fiscal year, which is included in the third column. The detail by line item is also presented as additional information in the packet.

The Administration dept. is expected to go over budget by \$322,222. Of this, \$200,000 is related to crisis management expenditures

from increasing the line item from \$300,000 to \$500,000. Another line item projected to go over is legal expense.

Planning - where planning consultant expense is charged. Expected to go over due to ordinance updates, text amendments, and unusual large projects.

Finance - expected to go over on the IT consulting budget by \$12,500. There is no specific IT dept in the Village, but rather a line item in the Finance Dept. for consulting. Each time an employee has a computer issue, regardless of what dept they are in, the Finance Dept. recognizes the expense for the labor of the IT consultant to diagnose and fix the problem. This also includes work to set up the new servers. A discussion on IT costs for next year ensued.

Building and Zoning are over for same reasons as Planning.

After updating the 19/20 projected actual for the revenue increases and the expenditure increases, this is where we expect to end up at 4/30/20: \$4.0 Million fund balance and 154 days reserves. This assumes that the capital projects budgeted for this year 19/20 (parking lot, vehicles, etc.) would continue as planned, and are included in the projected actual amounts.

Trustee Neal asked if the projects that have not been completed are in the draw down column. Director Dittman responded yes.

Director Dittman then moved on to Part III of the presentation, a look ahead to FY 2020/21 and beyond. A major operating cost that we have discussed in previous budget presentations is the contribution for police pension costs. From 2006 to 2020, the annual contribution has gone from about \$300,000 to approx. \$1.0 million. You can see spikes, such as 2010 to 2011 where retirements occurred.

From next year's contribution of nearly \$1.1 million, by 2030 we could see an annual contribution of \$2.5 million based on 10% annual increases. This year's increase was 13.29% and next year's increase is 8.9%. The Village does not have a dedicated revenue source to pay this; unlike most towns that levy a property tax specifically for this, in Willowbrook this comes from non-specified General Fund sources.

Director Dittman moved on to discuss future fixed debt costs. Our one existing bond is the Series 2015 bond, issued in April 2015 for approximately \$4.9 Million. \$3.6 million was new money for the police dept renovation and one water tank repainting, and the rest refunded the old 2008 bonds at a lower interest rate.

Trustee Kelly asked if we have the ability to refund the 2015 bonds? Dittman replied there is a 10-year call provision.

Principal amount currently outstanding is \$4,360,000. Next year's payment is \$347,050, of which \$279,851 will come from the General Fund.

In the next slide, for purposes of illustration of the entire picture, the existing future year projections are shown plus items that are typically considered and approved by the Village Board on an annual basis.

A 3% salary increase for non-union employees were added (increases for union police officers were already included); capital items as outlined in the Capital Improvement Plan; and annual contingency expense of \$300,000 for each of the next 4 years.

The Capital Improvement Plan, which is included in the packets for reference, is updated annually with input from each department on what their future capital needs are. Items are reviewed annually and decided each year whether they are necessary or discretionary. For illustrative purposes, the full amount each year is included based on each department's wishes.

Revenues have escalations of 1% for taxes and 2% for all other sources, with the exception of utility taxes, that is budgeted to decrease 2% each year (due to declining telecom tax).

Trustee Mistele asked why under revenues there is a decrease; Dittman stated future years exclude a one-time grant and DEAmoney. This is also comparing current projected actual to next year budgeted.

When factoring in these items, the Village falls below the target 120-day reserve threshold next year. The Village would have a negative General fund balance in FY 2023.

Director Dittman went on to discuss possible revenue sources that could be implemented to close the gap with the least impact on Village residents. Hotel tax, which is now unrestricted under home-rule status, generates about \$250,000 annually from the 3 open hotels and will be about \$325,000 when the 4th hotel opens. Increasing the tax 1% would generate about \$65,000. Trustee Kelly asked for the current balance in the Hotel/Motel Tax Fund. Dittman responded it is upwards of \$500,000.

Another option is implementing a local gas tax as a percentage or a flat tax per gallon. A \$.05/gallon tax would generate about \$336,000 annually, mostly from out-of-town drivers travelling along Route 83 where 5 of the 6 gas stations are located. Impact studies have also shown that increases are typically absorbed by the gas distributor and not reflected at the pumps.

A third revenue opportunity is to increase video gaming fees and related liquor licenses. Currently the Village charges \$25 annual fee/terminal, max 5 terminals per establishment. 5 businesses each have 5 terminals = \$625 paid to Village. The business's share (35%) of gaming profit last year was \$356,355. The Village could increase the fee to \$1,000 per terminal, and allow 6 terminals per business = \$30,000 revenue to Village (for 5 businesses). Also, the Village could establish a first-time application fee of \$1,500 and set video gaming establishment liquor license fee at \$5,000 annually (currently \$2,500).

Director Dittman explained a fourth possible new revenue source, a potential Recreational Cannabis Dispensary. Based upon 2018 State of Colorado annual sales of \$1,120,248,500, projected Illinois annual sales (based on population) = \$2,475,749,185. Annual sales per IL dispensary (185) = \$13,382,428. The 3% cannabis tax would yield \$401,473 annually (estimated).

Sales based on the Illinois Economic Policy Institute are \$1.616 billion, which would yield \$350,000 annually per dispensary. This assumes all dispensaries sell the same amount, and does not factor in proximity to densely populated areas.

Director Dittman gave a summary of implementing the new revenues. Hotel/Motel Tax increase, new local gas tax, and increases to the video gaming fees/licenses would yield about \$767,875 annually. Recreational cannabis could add an additional \$350,000 to \$401,473 annually, as a conservative estimate. Director Dittman also provided information from the Illinois Department of Revenue on other sources of revenue that the Village has NOT contemplated at

this time. Director Dittman provided information on Willowbrook's neighboring communities and the extent to which they rely on general property taxes, which Willowbrook does not currently impose.

Finally, information was obtained from one financial advisor on what the current market looked like if the Village needed to go to the debt market to fund future public improvements. A 5% interest rate is a worse-case scenario to entice bond buyers to purchase a longer-term bond (30 years) and it might be closer to 4%. Annual debt service payments could be between \$553,000 to \$1.1 million for \$10 - \$20 million projects. We are getting additional numbers from a second advisor for comparison. We want to get ahead of the curve and have as much info up front as possible, in the event the Board decides to use bonds for some future public improvement.

6. NEW BUSINESS

RESOLUTION - A Resolution of the Village of Willowbrook Determining the Lowest Responsible Bidder for the Village Hall Permeable Brick Paver Parking Lot and Awarding a Contract to Abbey Paving Company, Inc. in an Amount Not-to-Exceed \$236,088.97 (ADOPT)

MOTION: Made by Trustee Kelly, second by Trustee Neal. A discussion ensued on the project and the Village's financial status. The consensus was not to proceed with this project.

ROLL CALL VOTE: AYES: NONE. NAYS: Trustees Berglund, Kelly, Mistele, Neal, and Oggerino. ABSENT: Davi.

7. ADJOURNMENT

MOTION: Made by Trustee Mistele second by Trustee Berglund to adjourn the Special Meeting at the hour of 7:39 p.m.

ROLL CALL VOTE: AYES: Trustees Berglund, Kelly, Mistele, Neal, and Oggerino. NAYS: None. ABSENT: Davi.

MOTION DECLARED CARRIED

PRESENTED, READ and APPROVED.

_____, 2019.

Mayor