

MINUTES OF THE REGULAR MEETING OF THE FINANCE AND ADMINISTRATION COMMITTEE OF THE VILLAGE OF WILLOWBROOK HELD ON MONDAY, AUGUST 10, 2020 AT 5:30 P.M. AT THE VILLAGE HALL, 835 MIDWAY DRIVE, WILLOWBROOK, ILLINOIS.

DUE TO THE COVID 19 PANDEMIC THE VILLAGE OFFICES WILL BE CLOSED AND THE VILLAGE WILL BE UTILIZING A CONFERENCE CALL FOR THIS MEETING

**1. CALL TO ORDER**

The meeting was called to order by Chairwoman Sue Berglund at 5:30 p.m.

**2. ROLL CALL**

Those present at roll call in person were Trustee Michael Mistele, Trustee Paul Oggerino, and Director of Finance Carrie Dittman. Those present by telephone were Chairwoman Sue Berglund, Village Administrator Brian Pabst, and Chief of Police Robert Schaller.

**3. APPROVAL OF MINUTES**

Minutes of the Regular Meeting of the Finance & Administration Committee held on Monday, July 13, 2020 were reviewed.

*Motion to approve the minutes made by Chairwoman Berglund, seconded by Trustee Mistele. Motion carried.*

**4. DISCUSSION – Comparable Community Salary Survey & Village Pay Structure**

Director Dittman noted that tonight's presentation is a continuation of the pay structure discussions from prior Finance Committee and Village Board meetings. At the June 8, 2020 Finance Committee meeting, staff presented comparable community results and possible pay plans based on feedback received from the Committee as follows: 9-year step plan; 10% differential between grades; 15 grades used in the plan; fixed increase each year to reach the maximum of that grade at Year 9. At the July 13, 2020 Finance Committee meeting, per the Committee's direction, staff added the target of the 60<sup>th</sup> percentile of the salary ranges, which is presented again as Exhibit 1.

For this most recent version, staff has plugged each position into the next step of the proposed pay plan based on their current salary, presented as Exhibit 2. As expected, to get each employee to a starting point yields raises of differing percentages. If the next step (highlighted in yellow in Exhibit 2) yielded a raise of < 2.5%, then the following step above that was used (highlighted in pink). 2.5% was used as baseline as this was the Board's last minimum increase, granted 5/1/2019. Using the higher amounts, where applicable, the total increase for the employees (annualized) would be \$76,590.

Exhibit 3 is presented for reference and shows the police union pay plan based on the union's contract request for 2019-2021 and 2.00% increases thereafter. The 9-year range for a patrol officer and for a sergeant were then noted in blue in Exhibit 2 for reference.

Discussion ensued about the pay plan and no further changes to the plan were suggested. However, the placement of the Chief and Deputy Chief was raised by Trustee Oggerino about their salaries compared to the

police union sergeants, and it was noted that their placement may be modified. Staff asked for direction on movement once the top of a range is reached, as well as development of a process to reward star performers, i.e. in the form of a bonus pool. The Committee would like to revisit the plan at one more Finance Committee meeting before it is presented to the full Board of Trustees.

## **5. DISCUSSION – Flexible Spending Plan Amendment due to COVID-19**

Director Dittman noted that the Village adopted a flexible spending plan (also known as a Section 125 plan) on July 1, 1996. The plan allows employees that choose to participate in it to make pre-tax contributions into the plan to pay for medical costs not otherwise covered under the Village health insurance plan, or dependent care expenses (i.e. daycare). The Village has periodically amended the plan for such things as adopting a grace period to incur expenses and increasing the contribution limits.

In accordance with the plan, an employee can choose to withhold from their pay, pre-tax, no more than \$2,500 for medical expenses and \$5,000 for dependent care expenses on an annual basis; the flexible spending plan year coincides with the Village's insurance plan year, which is July 1 – June 30. One of the IRS stipulations for these plans is that the employee's election is irrevocable for the remainder of the plan year, unless certain qualifying events occur (such as marriage, divorce, loss of employment, etc.).

Because of COVID-19, some employees may experience unforeseen hardships and need to change their elections, for example, if their child cannot attend a daycare center that has closed, if planned medical procedures have been postponed, or additional medical procedures are now needed because of COVID-19. An employee that made a prior plan year election is now "stuck" with that choice unless the Village amends the plan. Also, any contributed monies to the plan by the employee are forfeited if they do not spend them by the end of the plan year plus grace period (September 15, 2020). The IRS issued Notice 2020-29 to address these issues, and at the recent request of an employee, staff has been researching what can be done to assist them. It appears a plan amendment due to COVID-19 is allowable, and staff has begun a survey of other towns that have made plan amendments and is seeking sample documents.

The Committee agreed that the amendment should be allowed to provide additional flexibility to the employees. Staff will work with the Village attorney on the language and bring a plan amendment to the full Village Board for consideration.

## **6. DISCUSSION – Bank Account Closures**

Director Dittman explained that the Village was recently contacted by IMET inquiring if we planned to make more deposits, or to close out our existing accounts there. IMET experienced fraud with one of its underlying investments in 2014, and as a result the Village withdrew all remaining deposits except about \$30. We have been advised by IMET that we do not need to maintain an account to receive proceeds from the liquidating trust that was established to recover funds from the fraud.

In addition to the IMET accounts, the Village has unused accounts in the Illinois Funds with very small balances and/or that are not legally required to be maintained as separate accounts. Staff would like to close these accounts to minimize the unnecessary accounting. The accounts are noted on a separate report and include the IMET Funds, IL Funds Hotel/Motel Tax, IL Funds Capital Projects, and IL Funds LAFER Bond Proceeds.

The consensus of the Committee was to close the accounts.

## **7. REPORT – Monthly Disbursement Reports – July 2020**

The Committee reviewed and accepted the disbursement reports for the month and key items are highlighted below:

- Total cash outlay for all Village funds –current month is \$1,048,563, Fiscal Year to Date is \$3,116,709.
- Total monthly payroll for active employees including all funds - \$418,790 (3 payrolls). The average payroll for the year was \$141,008, which is a 6.89% decrease from the prior fiscal year.
- Average daily outlay of cash for all Village funds for the current month: \$33,825. Daily average fiscal YTD: \$33,877. Average monthly cash outlay for all Village funds fiscal year to date (FYTD): \$1,038,903.
- Average daily expenditures for the General Fund only: \$26,355. Fiscal YTD average is \$21,819 which is a 16.07% decrease from the prior year.

## **8. REPORT – Sales Tax, Business District Sales Tax, Income Tax, Utility Tax, Local Gas Tax, Places of Eating Tax, Fines, Red Light Fines, Building Permits, Water Revenues, Hotel/Motel Tax and Motor Fuel Tax**

The Committee reviewed and accepted the revenue trend reports for July and key items are highlighted below:

- Sales tax receipts - \$957,442 YTD down 6.6% from the prior year. Trending 19.0% over budget. This represents sales made in February-April, so we are just starting to see the effects of the pandemic. The FY 20/21 budget was dropped \$500,000 to \$3.5 million due to the pandemic.
- Business District sales tax receipts - Year to date is \$107,089, 31.59% below the prior year and 22.8% under budget (there was a formula error on the report). This represents collections of the 1.0% sales tax collected in the Village's new business district. The restricted revenue comes from the Town Center & Pete's Fresh Market developments.
- Income Tax receipts - \$225,251 YTD down 26.18% compared to the prior year, 4.6% under budget. May is normally the largest collection month due to filing of income taxes by April 15, but due to the IRS and IL extensions until July 15, payments are being delayed.
- Utility tax receipts - \$182,302 YTD down 5.4% from the prior year, 6.3% under budget, consisting of:
  - Telecomm tax - down 7.1%
  - Northern IL gas – down 4.6%
  - ComEd - down 4.1%
- Local Gas Tax receipts - \$48,519 YTD. The tax was established December 1, 2019.
- Places of Eating Tax receipts - \$93,573 YTD down 34.2% compared to the prior year, trending 11.6% under budget. This represents April-June sales, which occurred during the pandemic restrictions. We had budgeted for 50% less revenue than normal for April-May and 25% less for June.
- Fines - \$25,635 YTD down 26.3% compared with the prior year, 15% under budget. Fines come from County distributions and local fine tickets written by Village police officers. Director Dittman noted that we are now reporting fine revenue by overweight fines, DUI fines, local fines and other fines collected by DuPage County.

- Red Light Fines – \$141,250 down 20.6% from the prior year receipts, trending 0.8% over budget.
- Building Permit receipts - \$91,307 YTD down 30.7% from the prior year, trending 49.7% over budget. A large permit issued in July 2019 to Target is non-recurring.
- Water sales receipts - \$714,127 YTD down 7.7% from the prior year, 7.7% below budget. Commercial usage is billed the following month and many businesses had lower usage in April and May.
- Hotel/Motel Tax receipts - \$45,572, 35.6% lower compared with the prior year. The revenue is trending at 28.4% lower than budget. The additional 1% tax became effective November 1, which began to appear in December collections. Three of the four hotels are open and active.
- Motor Fuel Tax receipts - \$66,017 YTD, up 26.9% from the prior year, 26.2% above budget. Since September 2019 we receive 2 payments each month: the normal distribution plus the additional distribution of the new Transportation Renewal Fund dollars. This is a portion of the \$0.19/gallon tax that was instituted by the state of Illinois beginning July 1, 2019 (payments to the Village beginning in September).

## **9. VISITOR'S BUSINESS**

There were no visitors present.

## **10. COMMUNICATIONS**

There were no communications.

## **11. ADJOURNMENT**

*Motion to adjourn at 6:21 p.m. was made by Trustee Mistele, seconded by Trustee Oggerino. Motion carried.*

(Minutes transcribed by Carrie Dittman)