

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 WEDNESDAY, FEBRUARY 13, 2013 AT 5:30 P.M. IN THE VILLAGE HALL, 7760 QUINCY STREET, WILLOWBROOK, ILLINOIS.

**1. CALL TO ORDER**

The meeting was called to order by Administrator Halik at 5:40 p.m.

**2. ROLL CALL**

Those present at roll call were Trustees Sue Berglund, Umberto Davi, Terry Kelly, Mike Mistele, Frank Trilla, Village Administrator Tim Halik, Chief of Police Mark Shelton, Deputy Chief of Police Mark Altobella, Interim Finance Director Carrie Dittman, Public Works Foreman Tony Witt and Management Analyst Garrett Hummel.

**3. REVIEW - Fiscal Year 2013/14 Budget**

Administrator Halik began the meeting by explaining that the FY 2013/14 proposed budget includes a General Fund surplus of approximately \$180,000. This surplus equates to a projected fund balance of 182 operating days. Administrator Halik indicated that the surplus numbers and fund balance do not include the discretionary items which will be discussed during the Board Budget Workshop.

The next meeting on the budget schedule will be the Board Budget Workshop I scheduled for March 18, 2013.

Next, Administrator Halik explained that the proposed budget maintains all existing services and programs. Administrator Halik reiterated the General Fund will have 182 days (\$3,701,688) of operating expense in reserves. An operating day for the FY 2013/14 budget equates to roughly \$20,371. Finally, Administrator Halik explained the Five Year Plan used to develop the budget projections include conservative spending with no new or expanded services.

Administrator Halik next elaborated on the breakdown of the budget surplus. He explained the proposed budget does not include any major capital initiatives or salary increases for non-union employees (except for the elected official increases per ordinance). A salary increase for patrol officers of 2.5% has been included. Trustee Mistele commented on if it was a good time to discuss non-union raises. Administrator Halik explained that the topic of non-union raises is typically discussed at the Board Budget Workshop.

An increase of 5% is expected with respect to health insurance costs although the IPBC has not finalized their numbers for the upcoming year. Administrator Halik next briefly touched on the Village's two main pension programs (Police Pension & IMRF). He stated the police pension contribution decreased by 9.79% while the IMRF pension contribution increased by 2.12%. Administrator Halik pointed out that a complete breakdown of the surplus can be found on page 3 of the agenda packet.

Interim Finance Director Dittman next took over with an explanation of the Village's revenue sources. Director Dittman began by stating staff is projecting an overall revenue increase of 2%, which equates to roughly \$237,177 over the previous fiscal year. Director Dittman continued by examining each individual revenue source. She began with Sales Tax which is projected to decrease by \$46,374 when compared to the prior year. One reason highlighted by Director Dittman for the drop in sales tax is the upcoming Route 83 construction project. Next was Places of Eating Tax which projected no substantial change from the prior year. Utility Tax is expected to be down slightly around \$3,633. Income Tax is expected to increase by about \$79,454 based upon Illinois Municipal League (IML) projections. Amusement Tax is projected to decrease by approximately \$11,000. Trustee Davi inquired as to how other municipalities have handled the taxation of fitness clubs within their communities. Administrator Halik stated he would look into the question. Permit Fees are expected to increase by \$40,800. There is no expected change to the level of Red Light Camera Fines.

Administrator Halik returned to the topic of Village pensions by first elaborating on both the Police and IMRF pensions. The 9.79% decrease in Police Pension contribution translated into \$56,972. The rate of payroll for the Police Pension fund went from 27.6% to 30.1%. With respect to the IMRF pension, the 2.12% increase equated to approximately \$19,203 while the rate of payroll went from 17.95% to 20.07%. Finally, Administrator Halik provided background information on the Sherriff's Law Enforcement Pension (SLEP) program, which the Village is currently obligated to pay related to a settlement associated with a former Village Police Chief. Administrator Halik explained that Director Dittman suggested the Village consider paying off the entire SLEP amount of \$168,000 this coming year. Otherwise, the Village would be facing an annual payment of \$32,350 for 9 more years, which includes annual interest of 7.5%. The committee members concurred with Director Dittman's suggestion.

Administrator Halik next addressed concerns regarding the Water Fund. Administrator Halik began by providing a history of the City of Chicago and the DuPage Water Commission's (DWC) recent water rate increases and the subsequent water rate increases by the Village. As of January 1, 2013, the DWC raised water rates 20% in part due to the City of Chicago's 15% increase on the same date. The Village last increased its local water rates 20% on March 1, 2012. This increase included the introduction of a 6% discount program for residents, including seniors, who pay the minimum water bill (9,000 gallons per quarter). Administrator Halik continued by stating the Water Fund will be unable to absorb the current 20% DWC rate increase, while continuing to build an adequate reserve fund for future infrastructure maintenance projects. Administrator Halik further noted that the Village Board has not set a reserve balance target in terms of operating days (similar to the General Fund operating days in reserve objective of 120) for the Water Fund. Administrator Halik stated that based on his research into Water Fund reserve objectives, he would

recommend setting the Village's target at 90 days. Currently, the Water Fund reserve projects to be roughly 52 days at the end of the fiscal year.

When asked about the Chicago and DWC rate increases, Administrator Halik acknowledged that the increases tend to be frustrating from a water utility operational perspective. However, it seems that nationally, the water rates charged throughout the Midwest are comparatively very low. Halik indicated that he had previously spoken with a representative from the DWC regarding rates. The DWC representative explained to Administrator Halik that the water rates being charged in the Midwest are so far below the rates in other areas around the country that both Chicago and the DWC are being consistently denied federal grant funding for infrastructure improvements. The available federal funding tends to go to areas of the country that are faced with very large water rates. Administrator Halik next called attention to a handout, which detailed possible water rate increases for Willowbrook. Administrator Halik explained that in order to break-even, the Village would have to raise its rates 13.6%. Options of 17% and 20% were also presented. Administrator Halik recommended the 20% increase as it would help to rebuild the Water Fund reserve for future projects, such as the water tower painting project. If the 20% option is selected, the projected days operating in the Water Fund would be at roughly 95 days at the end of FY 2013/14. Trustee Kelly inquired as to when the Village needs to paint the water towers. In response, Administrator Halik explained that he had placed \$12,000 in the proposed budget to complete an engineering analysis to ascertain the current condition of the Willowbrook water towers and when they will need to be repainted. Administrator Halik clarified that the water tower painting project involves draining, sandblasting and re-painting/sealing the Village's water towers inside and out.

Administrator Halik next discussed the Motor Fuel Tax (MFT) Fund. He explained there will be approximately \$242,000 available in the MFT fund for use in the FY 2013/14 Road Program. Administrator Halik identified some good news related to the annual Roadway Maintenance Program in that the next year is a maintenance interval year in which no overlays are necessary. Instead, the Village can get by with a program centered on crack-sealing, full-depth patching and replacement of worn pavement markings throughout town. Administrator Halik believes the \$242,000 will be more than sufficient to complete the scope of work described above. Administrator Halik indicated the maintenance interval year will also help in building excess MFT funds necessary for the local share (\$232,000) needed to complete the STP grant road project in 2017.

Director Dittman began the financial performance section of the presentation. Echoing Administrator Halik's overview, Director Dittman explained the proposed budget projects 182 days of operating expense reserve. The FY 2012/13 budget comparatively projected at 135 days. However, the estimated actual FY 2012/13 budget currently projects at 182 days.

Director Dittman next went through several graphs detailing the revenues and expenditures for the upcoming year. Director Dittman explained that in the five-year forecasting model, revenue increase by 0.64% while expenses increase by 7.52% and even with this disparity the proposed budget includes a surplus translating into the 182 day reserve. Director Dittman continued on to the General Fund revenue projections, which came in at about \$7.9 million. It was pointed out on the General Fund graph that the state shared revenues of Sales Tax and Income Tax make up about 53% of the Village's General Fund.

Director Dittman presented the financial reports on the Village's major revenue sources: Sales Tax, Income Tax, Utility Tax, Places of Eating Tax, Red Light Fines, and Building Permits.

- Sales tax receipts - \$2,716,065 up 3.50% from the prior year
- Places of Eating Tax receipts - \$355,508 up 6.19% compared to the prior year
- Utility tax receipts - \$854,419 up 0.55% from the prior year
- Income Tax receipts - \$564,296 up 11.34% compared to the prior year
- Building Permit receipts - \$173,579 up 44.35% compared with the prior year
- Red Light Fines - Collected \$425,153 down 10.55% compared with the prior year
- Fines - \$109,192 down 10.99% compared with the prior year

Chief Shelton commented on the reasoning behind the decrease in fines by saying the PD was short an officer and the state has added a great deal of fees to each ticket. Trustee Trilla asked if it would be possible to set up a local court which would administer its own fines. Administrator Halik stated it is possible, but there are pros and cons to that approach. However, it could be something to consider.

Director Dittman next presented a graph detailing the FY 2013/14 General Fund expenditures totaling roughly \$7.7 million. Director Dittman continued by explaining a couple of short-term projection graphs which depict the Village's number of days operating expense through FY 2016/17. Director Dittman concluded the projection graphs with a long-range (15-year) graph which showed the Village dropping below its days of reserve target in roughly 2023-24.

Administrator Halik again touched on the Water Fund financials by pointing out that if the Village simply goes with a 13.6% pass through with respect to the Chicago and DWC water rate increase, the Water

Fund reserve will disappear by 2016.

Director Dittman presented the Water Sales Revenue Report next.

- Water Sales Revenue - \$1,859,921 up 28.92% when compared to the prior year.

Director Dittman explained the main reason for the increase from year to year was the 20% rate increase effective 3/1/12.

Director Dittman identified a graph detailing the FY 2013/14 Water Fund expenditures. Total Water Fund expenditures equal roughly \$2.3 million.

Director Dittman presented the Motor Fuel Tax Financial Report.

- Motor Fuel Tax - \$195,204 down 3.06% from the prior year.

Director Dittman pointed out that 2012-13 will be the last year where the \$38,491 special distribution from the Illinois Capital Bill will be included.

Administrator Halik took over with the start of the Departmental Budget presentations. He began with the Village Board and Clerk budget. The main highlights include raises of \$17,300 and \$2,850 for the Mayor and Village Clerk respectively.

Administrator Halik continued with the Board of Police Commissioners. The only item of note was a small increase related to life insurance for appointed officials.

Administrator Halik next began the Administration budget, which increased 4.58% over last year's budget. He started with an increase in the Legal Services line-item due to the upcoming police union negotiations. The Risk Management line-item increased because the IRMA premium is expected to increase due to increased annual revenues and a couple of less than favorable claim years. Funding has also been included for a wellness program initiative. Administrator Halik explained the Village is interested in beginning a wellness program because the Board has expressed interest in reinstating police physical fitness testing. Administrator Halik explained that current police contract includes a physical fitness requirement; however the testing program is currently suspended. Trustee Berglund inquired as to how and why the program became suspended. Administrator Halik answered by saying several years ago, after a series of injuries occurred related to the fitness testing, the Village Board discussed the topic of the fitness program and its purpose. According to the record, no decision was made by the Board at the time. However, shortly thereafter, the previous Police Chief distributed a memo to the department suspending the program. It is unknown what actually led to that action. Administrator Halik explained that in order to prevent injuries if the fitness test is reinstated, a transition type approach, such as a 12 week fitness monitoring program provided by Midtown, might be a good idea. Trustee Trilla agreed with the concept of a transitional approach. Trustee Kelly suggested an

incentive based program, which would reward employees for taking part in wellness type initiatives that they would otherwise never have considered participating in. Administrator Halik also stated that \$2,400 has been included for a heart scan and blood workup for each employee. Trustee Kelly suggested the program be offered to Trustees as well. Administrator Halik agreed.

With regard to Administration capital items, Administrator Halik highlighted two projects. The first being a project to repaint the Village Hall side of the building. The second project is for a floor/carpet replacement in the Council Chambers, which has received a variety of complaints.

Administrator Halik continued with the Planning & Economic Development budget, which increased 2.85% over the previous year. The largest change to this budget came in the planning consultant line item, which was increased by about \$5,000.

The Parks & Recreation was the next budget discussed. Overall, this budget decreased by 6.7%. Administrator Halik explained the reason for the decrease is that there have not been any capital expenditures added to the Parks & Recreation budget, yet. Administrator Halik also stated that the Parks & Recreation department is interested in hiring a part-time laborer to assist with various park related tasks.

Trustee Kelly inquired as to the status of the Parks & Recreation Master Plan. Administrator Halik responded that a draft of the plan is due in March. Once a draft of the document is obtained, Administrator Halik suggested the scheduling of a joint meeting between the Village Board and Parks & Recreation Commission to discuss the findings. Finally, Administrator Halik explained that the Parks & Recreation department is considering an ADA improvement capital project at Waterford Park for this fiscal year.

Director Dittman took over for the explanation of the Finance budget, which decreased by 1.41% from last year's budget. The main highlight from this budget was the inclusion of \$9,200 for an ERP assessment. Director Dittman explained the reasoning behind the ERP assessment is to examine alternatives to the Village's current aging financial software. The ERP assessment would provide an overview of all functionality the Village would need from its financial software from accounts receivables to business licenses to water billing and parks & recreation registration.

Chief Shelton next presented the Police department budget, which increased by 6.77% over the previous year's budget. Chief Shelton began with increases to the Overtime line-item of \$33,900 due to the department being short an officer. Chief Shelton next spoke on the use of approximately \$58,000 in DEA funding to get a wireless camera system set up in each patrol vehicle. Chief Shelton explained the technology would wirelessly download the video feed from each patrol vehicle to the Police Department's server upon the vehicle returning to the station.

Administrator Halik pointed out the SLEP buy-out of \$122,650 mentioned earlier in the presentation is already included in the Police Department budget. Chief Shelton next touched on the addition of \$10,000 for the new CAPERS report writing system. Chief Shelton wrapped up his portion of the presentation by discussing the capital items included in the Police budget. Two squad cars are scheduled to be replaced in the next year estimated at \$78,000. Two small projects, sound proofing the interrogation rooms and adding an exhaust fan to the evidence room have been included for \$2,500 apiece.

Administrator Halik presented the Public Works budget beginning with a \$203,150 increase to the tree maintenance line-item for the introduction of Emerald Ash Borer (EAB) Abatement Program. Administrator Halik explained the tree inventory conducted in the previous fiscal year identified 239 trees which are on the recommended removal list for the next year. After gathering some preliminary price estimates, staff concluded the Village could remove and replace each tree for roughly \$850 each. Trustee Kelly asked if the Village was going to allow private residences to be included within the EAB Abatement Program. Administrator Halik commented that the Village would include a public participation component in the RFP's. This would allow the public to receive the same removal/planting rates that the Village receives. Administrator Halik also explained his primary fear with the quantity of removals/replacements is if we experience draught conditions this upcoming year. With that in mind, Administrator Halik suggested the hiring of two part-time seasonal employees who would use the Village's water truck and water each replacement tree as needed. Administrator Halik explained the EAB Abatement Program will be a multi-year (3-5 year) endeavor, but that the first year will likely be the most expensive.

Administrator Halik concluded the Public Works department budget with an examination of upcoming capital expenses. The Village's only medium sized dump truck is in bad need of replacement with an estimated replacement cost of \$70,000. Half this expense (\$35,000) has been budgeted in the Public Works budget while the other half has been put in the Water Capital budget. Finally, \$28,000 has been included for entry signs for the Village. Administrator Halik explained this project may receive funding from an Illinois Transportation Enhancement Program (ITEP) Grant. Overall, the Public Works budget increased by 24.64% over last year's budget.

Administrator Halik next covered the Building & Zoning budget highlighting an increase of \$5,000 in overtime due to the volume of expected permit applications. Trustee Kelly expressed concern over the difficulty in finding information on the Building & Zoning section of the Village's website. Management Analyst Hummel agreed to place a link to that particular section of the website on the homepage. Overall, the Building & Zoning budget increased by 3.46% over last year's budget.

Administrator Halik continued with the Water Fund budget highlighting

several items, which resulted in a 3.25% increase over the previous year's budget. Funding has been included for a part-time seasonal laborer as well as a software upgrade for the SCADA system, which is used to run the Village's water system. Administrator Halik explained an additional \$22,500 has been included for main break repairs as the Village has seen an increase in breaks. Administrator Halik concluded the Water Fund budget by stating there is a \$109,043 increase included due to the DWC water rate increase discussed earlier in the evening.

Administrator Halik quickly touched on two items included in the Water Capital Fund and they are \$35,000 for the other half of the Public Works dump truck replacement and \$25,000 for the continuation of the Village's fire hydrant replacement program.

Director Dittman presented the Hotel/Motel Financial Report.

- Hotel/Motel Tax - \$51,110 down 4.84% from the prior year.

Director Dittman briefly went over the Hotel/Motel budget explaining the budget went down 25.63% because there had been a large promotional effort during the previous fiscal year.

Director Dittman next explained the Tax Increment Financing (TIF) Fund. She began with the addition of \$10,000 in the Accounting Fees line-item due to the amount of time spent on TIF related projects. The \$10,000 is not a new cost, but is rather a transfer from the Finance Accounting Fees line-item. Trustee Kelly inquired as to what the process moving forward looks like for the Village since the TIF is expiring in the next year. Director Dittman acknowledged the question by saying she spoke with the County and the Village is required to notify the parties in the TIF of the upcoming expiration. Also, an attorney will be needed to review the TIF closing documents. On a side note, Director Dittman noted that the SSA is still active through 2026.

Administrator Halik presented the Water Capital Improvements Fund next starting with the \$12,000 Water Tower Engineering Analysis Project, which was discussed earlier in the meeting. Another \$12,000 has been included for a Water Valve Insertion Project. Finally, there has been \$24,000 included for the replacement of Meter Transmitting Units (MTU's). Administrator Halik explained that MTU's are the pieces of equipment that allow the Village's water department to remotely collect water consumption readings. Each water account has an MTU attached to its water meter. These MTU's transmit readings to one of three Data Collection Units (DCU's), which in turn, transmit the readings into the Village's billing software. When the system was installed in 2001, we were advised that the battery life of an MTU was 15-20 years. Unfortunately, the Village has been experiencing a great deal of battery failures over the past two months. Because of the early failures, the manufacturer has offered a rebate on replacements, which has helped to defray the costs a bit. The Village is looking at the required replacement of 2,228 MTU's within the coming year or two. The cost of the replacement equipment only is about \$100 per MTU, without the rebate. Administrator Halik explained Downers Grove has

also been experiencing the same issues with their system, but after some research has elected to continue using the same manufacturer. Trustee Mistele commented that the Village appears to be locked into a 10-15 year cycle for replacements. Administrator Halik explained that the lifespan of an MTU should be at least 15 years. He advised that this issue is relatively new within the last 2 - 3 months, and that the problem is currently being examined by staff. A plan will be devised in the near future and brought to the Village Board for consideration.

Director Dittman explained the 2008 Bond Fund. Trustee Kelly asked if the Village has considered refinancing the debt from the Public Works Building/75<sup>th</sup> Street Extension Project. Director Dittman said she would look into the suggestion.

Director Dittman explained the Land Acquisition, Facility Expansion & Renovation (LAFER) Fund. Director Dittman said currently there are no planned expenditures, but there is \$3.2 million in the fund. Administrator Halik commented that the \$155,000 Waterford Park project could potentially be funded using this fund. Trustee Davi inquired as to where this money is kept and whether it is earning any interest. Director Dittman said if the money is not being used, the Village should look into various investment options.

Administrator Halik concluded the meeting by reminding the Village Board of the Board Budget Workshop, which is scheduled for March 18, 2013. At the workshop, staff will present discretionary items, such as archive file storage, which are not currently in the budget and were not presented tonight. Administrator Halik also invited each committee member to review the budgeted item highlight sheets located at the end of the budget packets and contact him with any questions. Finally, he thanked all meeting attendees for their time and the feedback offered during tonight's meeting.

#### **4. VISITOR'S BUSINESS**

There were no visitors present at the meeting.

#### **5. ADJOURNMENT**

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

The meeting was adjourned at 7:50 p.m.

(Minutes transcribed by: Garrett Hummel, 2/27/13)