



# Village of Oak Park

123 Madison Street  
Oak Park, Illinois 60302  
[www.oak-park.us](http://www.oak-park.us)

## Meeting Minutes Finance Committee

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Monday, October 12, 2015

6:00 PM

Room 130

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### 1. Call To Order

The meeting was called to order at 6:02 p.m. by President Abu-Taleb.

### 2. Roll Call

Present: Chair Anan Abu-Taleb, Trustees Brewer, Salzman, Tucker

Absent: None

Others present: Interim Assistant Village Manager Jason Bajor, Budget Manager Paul Gasiecki, Village CFO Craig Lesner, Village Manager Cara Pavlicek, Village Clerk Teresa Powell, Village Attorney Paul Stephanides

### 3. Public Comment

There was no public comment.

### 4. Approval of Minutes

#### A. [ID 15-338](#) Minutes from the August 17, 2015 Meeting of the Finance Committee.

It was moved by Trustee Tucker and seconded by Trustee Salzman that these Minutes be approved. A voice vote was taken and the motion was approved.

### 5. New Business

#### B. [ID 15-337](#) Finance Committee Review of the Draft Recommended FY16 Budget

Manager Pavlicek introduced Budget Manager Paul Gasiecki and Interim Deputy Village Manager Jason Bajor.

Manager Pavlicek explained that this budget review would be conducted by her and CFO Lesner with a focus on financial stress in core funds and anything else needed. She noted that the full Board is scheduled to review the budget on Thursday, November 5, and Monday, November 9.

Manager Pavlicek noted that several internal service funds, Parking, Water/Sewer and Environmental Services, have stabilized, but that two of

the internal service funds had deficit positions and will be the focus of tonight's meeting, along with any other review needed.

### **Health Insurance Fund**

Within the Health Insurance Fund, the original 2014 projection was a deficit of \$152,000 but the actual projected amount is \$149,000. For 2015 there is a projected fund balance of \$256,000. For 2016 staff is proposing a 5% across the board increase in the employee's cost for health insurance; the Village is still self-insured for health insurance, and in the next fiscal year will be doing well. As the Village builds toward a fund balance of about \$750,000, the Village can consider alternatives to self-insurance. The Village is working on labor contracts to address future issues arising from the ACA down the road.

### **Risk Management and the Self-Insured Retention Fund**

Manager Pavlicek noted that these two funds are being combined. CFO Lesner added that the two funds had originally been combined but were split to put two FTEs into the Risk Management side and all other costs in SIRF. Ultimately this is being phased out to simplify with all costs in the original fund, by action of Board. This fund is completely funded by transfers from the General Fund, Parking Fund and Water and Sewer Fund, all of which have employees. Transfers are for issues related to workers' compensation or property insurance claims. In practice, the Village is self-insured for all of these areas. It is negative, not because the Village cannot pay its bills, but because sufficient funds have not been transferred on paper into this fund.

This year (2015) was the first year to reduce the reinsurance (from \$2 million to \$750,000) significantly lowering the Village's liability. This change was made through an RFP process. Attorney Stephanides noted that some prior claims under the higher levels are still moving forward, so there is still exposure there for two to three years to go through the system. This is of particular concern for higher risk claims.

Due to lower expenses in the General Fund, the Village can be more aggressive in transferring additional funds into SIRF to reduce the deficit. While still showing a deficit, this will show just over \$2 million, versus showing an increase in the deficit.

Trustee Brewer asked where the Village should have these dollars. Each rating service has its own preference about where funds are reported, as CFO Lesner explained, particularly since we now meet the 10% requirement. Manager Pavlicek added that it's still important to build fund balances to proper ranges within all funds to assure the resilience of the overall budget. Trustee Salzman noted that this may lower debt costs.

President Abu-Taleb asked about lowering the deductible. Manager Pavlicek and CFO Lesner noted that all SIF funds come from other Village funds, as noted earlier. A proposal will be brought to the Village Board to increase the transfers to SIF by \$750,000.

President Abu-Taleb asked whether the funds originally budgeted for improvements to the lower level Police area could be used elsewhere if not used in this budget. Manager Pavlicek explained that this change will reduce the amount of debt to be issued, rather than having actual dollars available. She went on to discuss funds available in the Environmental Fund and the Parking Fund. She added that Moody's likes to have funds available in the funds, especially as the TIF funds will end in 2019; Parking Funds are being built up to cover future maintenance and debt costs. The alternative would be to raise parking rates to cover costs.

Manager Pavlicek then discussed the Environmental Services fund increase, to be used to handle future rate spikes for services. A surplus must be declared under GASB, and there's a question about moving funds collected to other uses. Trustee Salzman asked for more details about this. Manager Pavlicek noted that moving funds would be OK if a surplus was declared. Trustee Brewer asked about getting feedback on hypothetical alternatives. Manager Pavlicek said that feedback could be available from financial advisors. Trustees had further discussion of how to get a better understanding of what the rating agencies are looking for. Manager Pavlicek added that the greater worry is the situation at the state level.

### **TIF Agreements**

Manager Pavlicek reviewed the TIF report for Downtown Oak Park. The 2011 Settlement Agreement indicated that funds were only to be used for Lake and Forest. By 2016 Lake and Forest will come online and presumably have value. Any expenses for that property will be reimbursed from the TIF. The TIF will end in 2018. Currently the Village is loaning money to the TIF from the General Fund to cover current expenses. This makes this report look worse in terms of liquidity. In 2013 the 2011 Agreement was amended to also include the Colt-Westgate properties in the same agreement. The Village incurred environmental expenses for cleaning up the property for this development, further drawing down the total. Is it possible to retain the increases in the TIF to cover these costs? Manager Pavlicek discussed the need for this; when all developments come online, all taxing bodies will see additional revenues totaling \$7.3 million. This should be discussed with all the taxing bodies. President Abu-Taleb proposed extending the Madison TIF to allow for additional investment in that district. Trustee Tucker agreed that a conversation with

other governments would be helpful; Manager Pavlicek will get information to them and ask about meeting.

### **Taxes and Fees**

Manager Pavlicek said that she, along with financial staff and department heads, have been reviewing Board goals and worked to develop a budget that reduces General Fund expenditures, but health insurance expenditures and contractual obligations continue to put upward pressure on expenditures. With the County's recent sales tax increase, a further increase in local sales tax is not feasible. The liquor tax is a possible source for a 1% increase, but first there should be a broader conversation about this idea. Forest Park has no liquor tax, another point to keep in mind. Oak Park is in the midrange for this tax. Trustee Tucker noted that sales taxes are regressive and that local restaurants want to remain competitive with neighboring communities. President Abu-Taleb suggested that a better alternative might be to consider an increase in liquor license fees. Further research will be done on comparisons with other communities. President Abu-Taleb added that a license fee is easier for businesses to implement than a change in tax rates, which involves much more bookkeeping and other changes. Committee members agreed that sales tax increases are not a good source of revenue at this time.

Manager Pavlicek reviewed other recent fee increases for water rates, ambulance services, sewer and garbage collection (which are devoted to alley improvements). Vehicle sticker rates have remained constant for a number of years. A rate increase recommended by staff for 2016 from \$50 to \$75 would put the Village in line with the City of Chicago. These additional funds would go to service debt in the capital fund to repair streets and alleys. Committee members expressed concern with the amount of the increase and discussed alternatives. Manager Pavlicek outlined some options for the basic rate and senior rate. Other options would increase property tax to service debt. Trustee Salzman asked about the increase in Environmental Services to address the Capital Fund. There was further discussion of the advisability of fee increases. Trustee Salzman suggested that a consumption tax would be more palatable. Further recommendations will be presented at the October 22nd meeting.

President Abu-Taleb also suggested an increase in the outdoor patio fees.

Another fee not tied to capital is the multi-family license fee, which has not been raised much in years. These revenues could help fund the Housing Center; as this agency helps to support multi-family buildings. She will provide comparisons to neighboring communities. There was further discussion of the rate structure.

She noted that many other fees are used to offset the services. Trustee Brewer asked for clarification about the amount of the charge for services. Manager Pavlicek explained the animal control services coverage. The animal license fees are to verify that dogs and outdoor cats are properly immunized; these fees do not cover the cost of the animal license but provide a community benefit. Too high a fee would be a disincentive to register animals.

She went on to discuss the street opening fee when utilities cut into a street, especially after recent repaving. There has been analysis of some fees, but others are probably due for further analysis to assure that they cover costs.

#### **Review of other areas**

Manager Pavlicek noted that the next meeting will address more details on fees, fire department report on fires and inspections, community policing, and asked for direction about any other areas needing review. Trustee Brewer asked about how to review departmental budgets. Manager Pavlicek explained that a review of staffing and transfers where needed have addressed departmental structures. Trustees provided support for fire and police discussions. Manager Pavlicek invited additional ideas if Trustees want to propose them.

Manager Pavlicek reviewed the restructuring of the Health Department and the new responsibilities of the Interim Director, Mike Charley, as well as which duties could be dispensed with. Two contractors have filled the public health nurse position, but there will be a search for a full-time nurse to fill this state health requirement, such as for quarantine situations. President Abu-Taleb asked about question of liability. Manager Pavlicek discussed the alternatives to rely on state or county services, which have faced recent cuts. Attorney Stephanides added that the Tort Immunity Act protects the Village. Manager Pavlicek noted that the nurses consult with the Village's consulting doctor. Trustee Tucker noted that these changes represent a 20% reduction in costs. Manager Pavlicek noted that the Emergency Preparedness position which was grant-funded, has transitioned into the vacant civilian training position with the Police Department. This budget proposes making this change permanent. The grant will offset the Director position in Health. This is the recommendation for changes in Health. Before advertising the Health Director position there will be additional review of Mr. Charley's position and possible changes in duties.

Manager Pavlicek then review the rodent control service, currently contracted out and the possible impact of requiring residents to contract directly for such services. Trustee Tucker commended Manager Pavlicek

on the proposed changes for this department.

Trustee Salzman suggested adding Parking to the fee review list.

Manager Pavlicek will provide further details as discussed and thanked the committee for its feedback.

## **6. Old Business**

There was no old business.

## **7. Adjournment**

It was moved by Trustee Brewer and seconded by Trustee Tucker to adjourn. The motion was approved. The meeting was adjourned at 7:27 p.m. on Monday, October 12, 2015.