Village of Oak Park

123 Madison Street
Oak Park, Illinois 60302
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Meeting Minutes

Finance Committee

Monday, October 24, 2016 | **6:30 PM** | **Public Works Center, 201 South Blvd.**

1. Call To Order

Call to order at 6:34 p.m.

2. Roll Call

Present were members of the Finance Committee Trustees Glenn Brewer, Adam Salzman and President Anan Abu-Taleb.
Robert Tucker was absent.

Others present were Police Chief Anthony Ambrose, Adjudication Director Robert Anderson, Interim Health Director Mike Charley, CFO Steve Drazner, Fire Chief Tom Ebsen, Deputy Fire Chief Peter Palafas, Budget Manager Paul Gasiecki, Development Customer Services Director Tammie Grossman, IT Director Alvin Nepomuceno, Village Manager Cara Pavlicek, Communications Director David Powers, Village Clerk Teresa Powell, Police Commander Ramsey, Deputy Village Manager Lisa Shelley, Village Attorney Paul Stephanides, Human Resources Director Julia Valdez, Parking Director Jill Velan, Public Works Director John Wielebnicki.

3. Public Comment

There was no public comment.

4. Approval of Minutes

A. ID 16-315 **Minutes from the October 10, 2016 Meeting of the Finance Committee.**

It was moved by Trustee Brewer and seconded by Trustee Salzman that the Minutes of the October 10, 2016, Finance Committee meetings be approved. A voice vote was taken and they were approved unanimously.

5. New Business

B. ID 16-314 **Finance Committee Review of the Draft Recommended FY17 Budget**

Manager Pavlicek announced that the department directors were present to answer questions if needed. She reviewed the agenda items to be covered and noted that the budget was developed in June and July and finalized after Labor Day. She explained that the budget was developed with the Village Board goals, financial stability, the now-finalized CIP projects and technology issues as a guide. She mentioned that implementation of Village View is near completion and that Finance will roll out an ERP for financial software in 2017, with one-third of that cost budgeted for 2017.

Manager Pavlicek reviewed certain changes impacting the housing agencies, the upcoming merger of the Oak Park Area Arts Council with the duties of the Public Art Advisory Commission, and the OPEDC contract funding to be approved with the budget. The Operating Budget projects stable staffing with only one additional clerical part-time position is the reconfigured staffing of HR. The Police Department will invest $90,000 in officer safety with introduction of tasers and training for public safety staff. All labor contracts are current. Savings attributable to personnel turnover is projected at 1.5% for 2017.

CFO Drazner discussed the property tax levy and its components with a total of $24.5 million and the $4.4 million service levy. New debt is being issued and an additional bond in November for CIP, bringing the total to $28.9 million for the total property tax levy, not including the $1.5 million for additional pension payments. The average additional cost per household will be in the range of $200. The VOP share of the total levy may drop slightly in relation to the increased levy by D200, but this will be a minor change.

Sales tax was discussed. The general merchandise tax is currently at 10% from the village, county and RTA. A 1% food and beverage tax was proposed to cover additional expenses of $800,000 in lieu of raising the property tax. President Abu-Taleb noted that a one million dollar levy (or about $60 per a median-price household) is an alternative to this additional tax.

Review of General Fund

Manager Pavlicek reviewed the general fund balance over the past 15 years, noting that it is currently at $5.8 million or roughly 10% of the General Fund, which is in line with Village policy.Finance Committee members are pleased with this and the stability of the fund. Manager Pavlicek thanked the departments for their help to achieve this.

Manager Pavlicek next reviewed the General Fund Revenue accounts, noting format changes in the presentation. She explained that the Retailers' Occupation Tax and the Use Tax have been broken out for the first time for greater clarity and to avoid manual transaction errors. The Utility Taxes now show each source and assure that these rates are in line with state law.

She explained the proposed new Food and Beverage Tax and noted that other communities are considering similar taxes as new revenue sources. Trustee Salzman asked for more details about this, and Trustee Brewer asked why this was the best revenue source. Manager Pavlicek will prepare a memo with more details about this issue. Trustee Salzman noted that the county plans to tax sweetened beverages. Trustee Brewer asked about restrictions on use of this revenue versus gasoline taxes; CFO Drazner noted that neither has restricted use.

President Abu-Taleb referred to the chart showing a structural deficit in General Revenue funds over most of the last fifteen years and proposed that the goal should be to bring revenues above expenses going forward. He asked what can be done to achieve this and what time frame is needed address this. Ordinance changes could be adopted in November or December to address such changes. President Abu-Taleb discussed the alternatives. There was further discussion of the alternative of raising property taxes. This will be discussed further at a future meeting. Manager Pavlicek noted that existing vacancies are in public safety and not filling these is not a desirable choice.

Manager Pavlicek noted that building permit revenues and the related costs of conducting inspections are both down this year; this is not necessarily a negative sign as the reduced revenue has been balanced by decreased expenses. President Abu-Taleb asked about the variability of costs from year to year. Director Grossman discussed the reasons, including the lower costs of using HR Green for inspections and the delay in receiving documents for major developments this year. HR Green now handles large development review and inspections.

Manager Pavlicek noted that other areas look fairly stable. She pointed out the reduction in parking fine revenues to a lower $2 million level per year. Two vacant positions remain in parking enforcement. She noted that compliance and customer service are now in balance. The new availability of overnight parking permits has reduced overnight parking violations; residents and their visitors are grateful for legal options for overnight parking.

Manager Pavlicek reviewed the organizational structure and noted that it was stable this year. She discussed the increase in public safety costs and purchase, training and use of tasers as part of a broader program to manage interactions of police and the public. Chief Ambrose discussed recent cases of police interactions which led to officer injuries in the course of arrests. Historically such incidents have resulted in absences of two to six month for recovery. He discussed the levels of interaction and management of escalation to avoid injuries on both sides. This will be introduced with a pilot program and can be completed in four to five months. Officers have been interested in this tool. Chief Ambrose hopes to educate the community. Manager Pavlicek noted the continuing commitment to de-escalation but there are times when additional options are needed. She noted the concerns in other communities about use on the mentally ill and developmentally disabled; Oak Park is a state leader in training of officer training in dealing with these individuals, receiving crisis intervention training from NAMI and Thrive.

Manager Pavlicek noted that the new staff member in HR is a part-time administrative secretary which can complement the part-time position in the manager's office. This is the only increase in any department. She noted one small error in total staffing which is being corrected; the correct total is 368.5 employees.

Trustee Salzman asked about Community Relations; Manager Pavlicek discussed the structure of the department and the need for additional staffing as a recommendation of the Fair Housing Task Force. She explained the changes leading to the current structure and the duties of the department in conflict management and landlord-tenant mediations, which is a seasonal need. The management intern will begin on November 9; a full-time position now open will be filled. This will allow the department to operate more proactively.

President Abu-Taleb thanked the staff present for their efforts in providing great customer service and in preparing the budget. He also noted the Finance Committee recommendation to address the Fire pension funding with an additional $1 million over the $1.5 million already authorized in the coming year. Trustee Brewer added special thanks for the EMT staff who responded to a medical emergency he witnessed at a local restaurant, noting their professionalism and friendliness to other restaurant patrons while assisting the customer who was ill.

Review of Internal Service Funds

Manager Pavlicek discussed the Self-Insured Retention Fund, which covers worker's compensation, property and casualty insurance. This fund remains in a deficit position, and is funded by transfers from other funds where employees are located and the Village self-insures. This fund has been reduced from a $2 million cap to $750,000 at the recommendation of the Reinventing Government Committee. Money is set aside for anticipated costs and expenditures. The deficit in this fund has not yet been resolved.

President Abu-Taleb proposed that the $3 million deficit in the Self-Insured Retention fund be funded through a $3 million bond. CFO Drazner pointed out that bonds are reserved for long-term improvements rather than day to day expenses. Manager Pavlicek suggested that annuities are used by some municipalities. CFO Drazner suggested a line of credit as an alternative. Trustee Brewer said that he prefers a bank loan to a bond. President Abu-Taleb noted that this line of credit could be used as needed.

Manager Pavlicek noted that better management of the HR process can address these costs. HR Director Valdez discussed ways to reduce fund costs through better management of time off policies and the settlement process through better work flow. She also discussed pre-employment testing and training as a method to avoid injuries.

Manager Pavlicek addressed the Health Insurance Fund, which provides insurance for employees and retirees and noted that this fund now has a small fund balance. This will give the Village more flexibility to consider various health administrators in future years.

CFO Drazner reviewed the Debt Service Fund, starting with revenues. The main revenue is the Property Tax levy, as well as the Oak Park Public Library (for their share of debt issues) plus $780,000 in transfers ($500,000 from the General Fund and $280,000 from the solid waste fund). The CIP fund revenue is a pass-through, with the same amount going out on the expense side. The balance of this fund is the principal and interest payments on each of the bond issues.

The audited beginning fund balance was $600,000, with $1.9 millon to be added by year end. Manager Pavlicek discussed the strategy to refund or call debt. Trustee Brewer asked about the policy about review. CFO Drazner explained that the financial advisors currently review this, and Manager Pavlicek suggested that the Village should be more proactive. Trustee Brewer suggested development of a policy to review bond issues. President Abu-Taleb asked about the rate for the latest bond, which is just under 3%. The $6.8 million amount was put into the escrow account for the Colt-Westgate project.

Trustee Salzman asked about the wide swing in this fund. Manager Pavlicek explained that the was due to the $10 million for the Lake and Forest project. She added that the prior CFO had not included CIP in this fund. CFO Drazner explained that this was a payoff and refunding issue for $20 million. When non-routine expenses are removed, the amount remains fairly stable.

Trustee Salzman asked to review the percent of expenses devoted to debt service, currently at 19% and noted that this excludes pension obligations, listed separately. He asked about best practices for the percentage devoted to this item and suggested a study session to review this. Manager Pavlicek noted that such decisions may be based on low interest rates and upcoming projects, with the opportunity to shift a portion of the tax burden to future years through bonding. The discussion led to agreement that it was best not to set an artificial limit that might prevent responding to future opportunities. Trustee Salzman suggested the need for a "stress test". Trustee Brewer suggested that rather than a ceiling a floor might establish a healthy level of debt coverage.

Director Wielebnicki then addressed the Water and Sewer Fund, noting that the $17 million fund for revenues and expenses includes $7 million for water, $5 million for capital improvements and $3 million for personnel, bond service and transfers.

The December 2014 water rate study includes a five year water and sewer rate through 2019 and is where we expected to be. In the third year of this process rate increases have moderated, with a 2% increase for water and 2.4% for sewer rates and a million dollar fund balance where it was only about $100,000 a couple of years ago. Large increases in water rates by the City of Chicago in recent years have moderated this year, with new rates based on the CPI, trending at 1%. He discussed the two water pumping operators who plan to retire in the next two years. Other staff are training toward certification in this area to provide backup with additional support if needed from an outside engineering firm. Testing has shown that the Village is managing lead issues with most concerns on the private property side. Education on this topic has been provided to residents who have called.

The focus in 2016-2017 is on non-revenue water, which is currently at 18-19% due primarily to leaks. A survey is being done to identify leaks. Fifteen percent is not accounted for; this is about $1.7 million . Manager Pavlicek noted that some water, as for fires, is not metered though the volume is not measured. President Abu-Taleb asked if this was at a normal level or higher than other communities. Director Wielebnicki explained the difference between non-metered water (as for contractor use) and unaccounted for water (leaks). He noted that the Illinois Department of Natural Resources is asking municipalities using Lake Michigan water is to go to 12% in 2017 and 10% the next year. Metering is another issue; unknown meters have been discovered. They continue to discover unmetered issues. The focus now is on non-revenue water.

The Environmental Services Fund includes a new contract with Waste Management. Director Wielebnicki discussed the new program and rate structure with a the "green" option, which would raise rates 4.9% for the smaller containers and up to 8% for the currently subsidized larger containers. He discussed use of an "alley" rate for multi-can and institutional users as well as special pickup rates. The new "At Your Door" service at $1.25/month will reduce services for overtime recycling at Public Works, saving $18,000 annually. These fees will come before the Board in November.

Manager Pavlicek noted the memo to the Board from Director Velan, who will discuss the Parking Fund. Staffing for the coming year is stable with continuing investments in the system. The current policy is for a fee increases of 2.5% for permit parking lots; street and garage parking will increase by $5 per quarter. Rates vary by the category (high or lower use) with high demand lots, selling out. Parking has conducte an evaluation of the parking garages and lots with high demand and nearby lots and recommends a $10 increase in those with high demand. A change in hourly rates will be evaluated later this year after construction ends in the area.

The main projects include system changes (part of the capital plan) with upgrades to permit sales and use of license plate recognition, with a goal of transition in 2018-2019 from stickers and permits to license plate recognition systems. Parking study sessions are starting for each section of the Village.

The results of the current D200 referendum will impact the OPRF parking structure. Several meetings have already been held about this topic. Trustee Brewer asked about repairs and maintenance budgeted for this garage. Director Velan said that documents are being prepared for both Holley Court and the Avenue garage at $8,000 or $11,000 with the school garage. Manager Pavlicek noted that if the D200 referendum passes, demolition of the garage will move forward in the summer of 2017. An IGA is being prepared for the Board for transfer of ownership and on-street parking changes are being developed.

President Abu-Taleb asked how much is being collected for overnight street parking permits. He asked staff to consider issuing more night permits per month to help residents park legally; this will promote more revenue and goodwill. He asked about overnight parking enforcement. He urged the Parking Department to move ahead with an opportunity to use an I-Phone versus a physical card at parking garages to avoid problems with lost cards, as some groups such as employees already have this option. He asked if the State of Illinois can provide a list of all vehicles registered in Oak Park to assure that everyone has purchased a vehicle sticker. He proposed moving employee and permit parking from Holley Court to the Lake & Forest garage to allow space for future development in a portion of the garage. He suggested numbering spaces in the garage to allow greater ease of finding parked cars.

Manager Pavlicek explained that rate changes related to Lake and Forest will come before the Board in November with a "super-permit" is being proposed along with evaluation of other changes.

Manager Pavlicek then briefly reviewed the Special Revenue Funds, specific revenue streams for specific purposes. Changes are coming for the ETSB funds related to tax on telephone lines, with the fees going directly to the consolidated dispatch system. The three TIF districts were reviewed; Manager Pavlicek noted that the Garfield TIF distribution will be in 2017. the Sustainability Fund, which receives .03 cents per kilowatt hour, had anticipated revenues of $400,000 but at this point is at $350,000. In Q1 options will be reviewed for use of these funds. Trustee Brewer asked about the $150,000 expenditure for I-ECO for consulting services and have recently opened bids. The final budget document may hold funds for 2017. He asked about the Garfield TIF distribution, this will go to the county for distribution to the taxing bodies.

Trustee Salzman asked about the use of motor fuel tax fund. CFO Drazner and Director Wielebnicki explained that these are used for Public Works labor and materials (as for winter salt). These funds may also be used for roads. Trustee Salzman asked about the impact of the proposed referendum changing the state constitution. President Abu-Taleb suggested that the Board take a look at the current gas tax to bring it in line with Chicago. Manager Pavlicek clarified that the motor fuel tax was a separate tax and these were discussed briefly. President Abu-Taleb explained that local gas station owners think that more residents would use the local gas stations with the gas tax reduction.

Manager Pavlicek noted that the original document was based on August numbers and that there will be minor adjustments based on more recent information.

6. Old Business

7. Adjournment

It was moved by Trustee Salzman, seconded by Trustee Brewer to adjourn the meeting.

Ayes: All Nos: None

The meeting was adjourned at 8:42 p.m.