

**COMMITTEE OF THE WHOLE – Minutes of Meeting
October 1, 2016**

The Village Board met as a Committee of the Whole in the Council Chambers of the Village Hall at 9:30 a.m. on Saturday, October 1, 2016. In attendance were:

Village Board

Harriet Rosenthal, Mayor
Alan Farkas, Trustee
Thomas Jester, Trustee
Robert Nadler, Trustee
William Seiden, Trustee
Dan Shapiro, Trustee
Barbara Struthers, Trustee

Staff

Kent Street, Village Manager
Andrew Lichterman, Assistant Village Manager
Barbara Little, Director of Public Works and Engineering
Eric Burk, Finance Director
Jeff Ryckaert, Principal Planner
Brandon Janes, Wastewater Superintendent
David Fitzgerald, Management Analyst
Robert Phillips, Deputy Director of Public Works and Eng.
Justin Keenan, Public Works Analyst
John Sliozis, Police Chief
Clint Case, Code Enforcement Supervisor

Public Comment

None

2017 Budget Overview

Finance Director provided an introduction to the budget. Village staff has been working on the budget since July. The proposed budget was posted for public view at Village Hall and on the Village website. The Budget public hearing will be held November 7, 2016, and the Tax Levy public hearing will be held on November 21, 2016.

Mr. Burk reported the proposed budget includes an additional column showing the 2016 projected amounts compared to the 2017 budget amounts. Trustee Nadler noted he liked the Village being on a calendar-year budget and stated that budget history now lines up better that a few years have passed since making the change.

Mr. Burk reported the property tax levy will be collected in 2017. Last year, the Village moved infrastructure and scavenger funds into the general fund due to speculation of a property tax freeze in Springfield. Although the property tax freeze did not happen, it is still a possibility for that mandate to come from Springfield next year. He noted there is a 4 percent increase in the general fund levy and a 0.42 percent increase in debt service. The combined general fund and debt service levy increase amounts to a \$153,000 increase, with a 4 percent EAV increase. Mr. Burk noted that although the levy is for more money, the actual tax rate would decrease.

Mr. Burk reported that the 2016 general fund out-performed the budget estimate. He noted that \$1.3 million was transferred to the Infrastructure Replacement Fund to cover expenses for Deer Lake Road and Estate Drive, which was unbudgeted.

Mr. Burk reported there will be water and sewer rate increases to keep pace with increases in cost. He noted the water fund has large negative balance. Highland Park will charge a 5 percent wholesale increase, which is the same increase they are charging their own residents. Mayor Rosenthal noted the Highland Park used to determine the Village's rate differently and thinks it would be beneficial to revisit this in a new water contract. Village Manager Street noted that to be effective, the Village should talk to Northbrook about switching water suppliers to have some leverage. He noted this is more of a long-term issue since the Village is currently in a multi-year contract. Trustee Farkas noted that it would be beneficial to have negotiating leverage.

Mr. Burk noted the Village has made significant progress on reducing water loss. A cross-department group has found underground leaks and changed meters at large facilities to be more accurate. He noted the 2017 budget assumes a 20 percent loss ratio to be conservative.

Trustee Farkas inquired about the progress. Deputy Public Works Director Phillips stated the exact amount of water saved is difficult to quantify, as water usage fluctuates month to month; a year of data would be required to show definitive results. He noted that a large leak was found near Portage Pass and some have also been found and repaired during the Deerfield Road reconstruction. Mr. Phillips noted that the Village loses about 550,000 gallons of water per day, which comes out to about \$1 million per year. He noted that the goal is to reduce this amount to 8 percent to meet future anticipated EPA and DNR regulations. He noted that large meters are being tested and being replaced for more accurate readings.

Trustee Jester noted he would like to have quarterly updates on the progress. Trustee Farkas inquired if a faulty meter is found on a hotel, does the village have recourse to recoup lost funds. Trustee Jester stated litigation would be cost prohibitive and a question for the Village Attorney.

Trustee Farkas noted that a major concern for the budget is the on-going uncertainty of state and federal funding. He believes the Village should start planning farther out into the future. He would like every Village department to start cutting operating expenses and create a long-term plan for doing so. Village Manager Street noted that the state pass-through funds are secure through June of 2017. Mayor Rosenthal noted that reconstruction on Kates Road will not start until July, and will not start until all state funding is secure. Trustee Struthers inquired about federal grants the Village is perusing for capital projects. Public Works Director Little noted that Kates Road, Deerfield Road, and North Avenue all have federal matching grants. She noted that new grant opportunities include Illinois Transportation Enhancement grants. She noted that federal grants typically only cover roadway repairs, leaving the Village to cover any related sewer and water infrastructure costs. Trustee Jester noted that there are a number of long-term projects that should be bonded.

Mr. Burk reported that the refuse fund includes a 2 percent user rate increase, mostly to cover the cost of fall leaf collection.

Mr. Burk outlined possible revenue threats, noting that the state budget impasse delayed receipt of funding. He noted that the Village will get all the expected 2016 funding from the state, but he

is not sure for 2017. The state budget in place goes through the end of June, so the first six months of state funds should come in as expected.

Capital Projects

Mr. Burk outlined the past capital plans and looked at funding moving forward. He noted that the Village issued \$10 million in bonds in 2015 for capital projects through 2017. He noted the Village's infrastructure replacement fund generates about \$1.5 million each year and motor fuel tax dollars bring in an additional \$500,000 each year. He noted there is no shortage of capital improvement projects and stated the proposed Capital Plan would require \$2.5 million in new funds to cover the proposed 2017 program. He stated that the Village has strategically drawn from its fund balance reserve to 45 percent. The fund balance reserve policy calls for a minimum balance of 40 percent. Trustee Struthers stated she did not want to go lower in the fund balance reserve. Mr. Burk noted that if the Village opts to bond for work this year, it could save approximately \$300,000 by refinancing the 2008 bond issuance. He noted that if the Village is contemplating issuing additional bonds it would be most efficient to couple the refinance with the new issuance.

Mayor Rosenthal stated she believes the proposed tax levy increase of 4 percent is too high. She stated that a food and beverage tax would provide relief on property tax and spread that tax burden to non-residents who eat in town. She stated that services and food sales are the growth areas now due to reduced sales tax because of online competition to brick and mortar stores. She reported that surrounding communities all have a similar tax at approximately 1 percent. Mr. Burk noted that the increase in the tax levy captures the growth in the equalized assessed value from the AMLI and Woodview developments. Trustee Jester stated the property tax rate would go down in either scenario. Trustee Struthers stated that she would favor a food and beverage tax to replace falling sales tax revenues. Trustee Farkas stated that he sees a food and beverage tax as a short term fix to replace diminished sales tax revenues. Trustee Farkas inquired about a residential lease tax. Village Manager Street stated that the Village investigated this in the past and it is unclear if the Village has the statutory authority to do that. Trustee Struthers noted that every resident is concerned about the bottom line on their property tax bill. Trustee Farkas stated that people don't have as much money to go around as they used to. Mayor Rosenthal stated that the food and beverage tax would be beneficial because it isn't just a tax on residents, it's also a tax on everyone who eats in town.

Trustee Farkas stated that he does not think the Village has made tough cuts over the past few years. Trustee Seiden stated residents have high property taxes in the Village due to the schools' property tax burden. He noted that is why property taxes are rising. He stated that residents complain to him more about getting roads fixed than a small increase in their property tax.

Mayor Rosenthal stated that the Village Board needs to show responsibility, whether it's a dollar or a \$1 million, and that our residents need to know that raising property taxes is not something we take lightly.

Director Little reviewed the proposed capital projects and different scenarios based on funding level. Mayor Rosenthal inquired about all of the factors that go into a road's surface condition

rating. Ms. Little stated that surface condition, subbase condition, curb & gutter, sidewalk condition, and volume of traffic are all taken into consideration.

Trustee Farkas inquired if the relative importance of the road is taken into consideration, as some are collector streets and some are less traveled. He also inquired if the Village could add work on to projects after they go to bid. Mr. Phillips stated that the state no longer permits this when MFT funds are used. Trustee Farkas inquired when the projects would go to bid. Mr. Phillips stated staff would start preparing bid documents in November to go out to bid in February or March.

Trustee Jester inquired about water and sewer infrastructure in the proposed capital plan. Mr. Phillips stated that sanitary sewer and manhole improvements are included in each year.

Director Little noted that the Brierhill Road project is slated for next year at a cost of \$2 million. She noted it has the oldest water main still in use in the Village and that repairs are needed. Trustee Seiden inquired why the Village is paying to improve the road. Manager Street noted it is a public road and was built as a public road, so it is the Village's responsibility.

Trustee Farkas inquired what projects and funding costs are projected beyond 2019. He asked if there is a large backlog of projects, or if projects will start to level off. Mr. Phillips noted that a few more years of aggressive capital improvements are recommended. Trustee Struthers noted that she gets more complaints about streets than anything else.

Mr. Burk stated that in order to complete the projects proposed in 2017, another \$2.5 million in funding is needed. Trustee Jester stated that there is easily \$2.5 million in bondable items in the capital plan, citing water deficiencies and I/I. He believes those should be bonded.

Director Little reported on the Kates Road bridge project. Mayor Rosenthal noted the project won't start until July, when grant funds are confirmed. Mr. Phillips noted that the project's total cost is \$2.5 million, with the local share at \$500,000 due to grant funding. Ms. Little inquired if the Village should change the name to Pfingsten Road. Mayor Rosenthal believes the name change makes sense.

Director Little reviewed local flooding problems at various locations and engineering solutions. Mr. Phillips stated the problems are due to heavier rains and some larger homes connecting to the system. Mr. Phillips noted that the Village requires homeowners to pay for the portion of work that is done on their property. Trustee Farkas stated this is an area that we need more long-term planning.

Trustee Nadler inquired if the proposed Lake Cook Road median plantings could get funding support from corporate sponsorships. Director Little noted the project could be eligible for state transportation enhancement funds, which could cover up to 80 percent of the project.

Trustee Jester discussed the new phosphorous levels required for the WRF. He believes the Village produces a very minimal amount of phosphorous and that the Village should meet the same levels as the North Shore Sanitary District and the MWRD.

C.O.W – October 1, 2016

Director Little reviewed sewer lining work in the capital plan. Trustee Jester stated he would like to see sewer lining be a bonded capital improvement project. He noted he would like to see a focus on reducing inflow and infiltration, including from private property. He noted homes that are not in compliance with their sump pumps would be required to disconnect upon sale of the home. Mr. Lichterman noted that an ordinance to do this has been drafted and is awaiting attorney review. Trustee Farkas inquired if there is a way to incentivize residents to fix this problem sooner than when they sell their home. Mayor Rosenthal noted that this would require resident education when the ordinance comes to the board. Director Little noted that three million gallons come from the northern portion of the Village from cross-connected sump pumps each storm, accounting for one-third of the total flow.

Following a detailed review of the proposed 2017 capital program, Mayor Rosenthal noted that there was not a lot of discussion about cutting projects, as they most are overdue. She noted that the Village Hall parking lot project could be pushed back until the northwest quadrant plan implemented and interim patching could be made in the meantime. Trustee Farkas inquired about selling unused property owned by the Village, such as unimproved alleys and other parcels. He also suggested that the Village look into billboards. Trustee Struthers noted she would be in favor of receiving money from billboards along the expressway. Manager Street stated he will get an updated proposal on billboards as a revenue source.

Manager Street noted that staff is looking for direction from the Village Board to bring back an updated capital plan. Mayor Rosenthal reiterated that she would not like to see an increase in the tax levy. She asked staff to put together a list of projects that would be appropriate to bond. The Board was willing to further consider a 1 percent food and beverage tax as a possible revenue source to support infrastructure improvements, particularly in light of the changing retail market. Trustee Seiden thanked staff for doing a good job on putting together the capital plan. Trustee Nadler noted that now is a good time to bond projects due to the economy and low interest rates.

Trustee Seiden made a motion to adjourn. Trustee Nadler seconded the motion.

The meeting adjourned at 12:13 p.m.

Respectfully submitted,
David Fitzgerald,
Management Analyst