

**Finance Committee of the Village Board
Monday September 24, 2012**

APPROVED MINUTES

I. Meeting called to order at 7:07 p.m.

Trustees Brewer, Hedges, and Tucker Present. President Pope present.

Also in attendance: Cara Pavlicek, Interim Village Manager, Lisa Shelley, Deputy Village Manager, Craig Lesner, CFO, James Harris III, Budget & Financial Manager and Director of Public Works John Wielebnicki.

II No Minutes

III. Public comment

George Lazewski (1014 S. Wesley) asked about the Debt Service Fund and the cause for the increase he noticed from 3.1 million to 9.9 million. He said he has seen this increase for two years in a row in the budget. He also noted that when the Board speaks about pension funds, there are more pension funds than Police & Fire; he thought the Board should also mention the other pension, IMRF.

IV. New Business

A. Review of Calendar

There was a brief discussion about the calendar changes for budget. In particular, Trustee Johnson asked that the budget adoption be moved back since he will be out of town for the proposed adoption on November 19th. The Committee said they are willing to see if the Board is available on December 10th to adopt the budget.

B. Capital Improvement Fund

Interim Manager Pavlicek provided an overview. This is a continuation from the last meeting. Staff will review the fund balances and transfers. The Village's performance management program (MAP) will allow for the evolution of better tools to recommend how the Village should make decisions for competing projects/services in relation to available resources. Next year, when the Village is further along with MAP, we will be able to balance competing needs.

Public Works Director Wielebnicki provided an overview of the 5-year plan. He explained the intent of having a "projected gap line", which is to display all items that should be replaced or projects needed, however there may not be enough funding

available (cash). For this discussion, the CIP sheets were adjusted however to show in 2013, the projected gap to be as close to zero, deferring a lot of maintenance etc, and only funding those items immediately necessary so that over the next year once we move along in the MAP program and make a better decision on what and how to fund these items that are continually deferred. In addition, Public Works will use this year to research other communities or best practices on how we should determine how many years before buying new equipment and fleet etc, and be more efficient.

Trustee Hedges noticed that the history shows that last year we budgeted to spend more than we were taking in with revenues. What didn't get done? Did that mean we didn't follow-through with bonding or other funding mechanisms we were planning to use (i.e. 1.230 million dollar gap shown last year)? CFO Lesner said that they decided not to bond. The difference was taken from fund balance or projects were deferred such as the HVAC for Village Hall, lighting upgrades, the gun range. There was some minimal savings in paving.

The Committee noticed that as the years continue, 2014-2017, the deferred maintenance issue gets worse. The Committee wanted to ensure these are realistic estimates. Public Works Director Wielebnicki noted that some of the projects are large building projects, the Village Hall chiller, the gun range, and all of the on-going fleet replacement that has been deferred over the years however in out years I don't show RICO funds as an available source since the fund is not reliable as a consistent stream of revenue from the federal or state level. There are also a few large fire vehicles up for replacement.

Trustee Hedges commented that we should assume then in the out years we are thinking about our level of debt and we have a comfort level with what we are proposing on these pages? Interim Manager Pavlicek said that currently this document is more of a planning document and the actual costs may not be exact. Debt is only one option to consider. We need more discussion on debt and what that should be. Trustee Hedges asked again that we should have a conversation about how much is too much. President Pope also mentioned that we should be careful about decisions today that only reflect the expenditure side and not the revenue side; if we are using this document to put our best guess of what our cost is, and then we should put our best guess of what the revenues may be too. Trustee Tucker noticed that 2014 appeared to jump out as high in all categories. Public Works Director Wielebnicki noted that it may be due to the recent deferral of all 2013 proposed projects to 2014 for the sake of balancing the 2013 budget.

Public Works Director Wielebnicki noted that aside from a portion of engineering salary paid from CIP, in 2013 a portion of the salary of the new "Community Planning and Economic Development Director" is paid for from the CIP. Trustee Hedges asked it is more efficient to outsource engineering? Public Works Director Wielebnicki said that in his opinion he believes the combination is the most efficient. Consultants are used mainly on large federal projects. Trustee Hedges noted that we should continue to track these costs. Trustee Hedges asked if we would need a consultant if we chose to do more alleys. Public Works Director Wielebnicki said yes that a consultant would be needed; there is no staff capacity.

President Pope asked Public Works how long is our street rating before it is reviewed again. Village Engineer noted every 5 yr. Trustee Brewer asked about this assessment and how it works, if it is all at once. Jim Budrick said yes, all at once. If a street is rebuilt that rating goes to 100 and then gets “aged” over time depending on the materials used for construction (it will have a different aging process). President Pope noted that this type of independent analysis is important for the organization. Where are we now compared to where we want to be or where we have been? Jim Budrick passed out additional information at the table on the program. Trustee Hedges asked if he (Engineering) can predict where the Village will be years 2013, 2014, 2015. President Pope asked if the rating of “75” is the right place to be? Jim Budrick said from his division’s standpoint, yes because complaints are low and the potholes per year is coming down so that tells me that we are using the right materials at the right time.

Interim Manager Pavlicek stated she will provide an update on the funding for the mini mural. In addition, she will break out how the budget for the Public Arts Commission and which funds support the Commission (specifically how the \$100K is composed).

Trustee Tucker asked for more information regarding the Eisenhower expenses since we seem to have a lot of latitude on how we budget this number. President Pope suggested that maybe we are better off dealing with this when we need it versus putting it in the budget now. Trustee Tucker offered that maybe \$50K will be a better placeholder than a larger amount. Trustee Hedges wanted to ensure that with the final decision, the funds are available if we need them. Trustee Brewer asked if Rob Cole can put together a list of what is anticipated in 2013. Interim Manager Pavlicek noted that public hearings are soon to be scheduled and potentially the Environmental Impact Study in which a policy discussion is needed if you want to technically challenge it. *The Committee agreed for now (until further information provided) to alter this budget item from \$100,000 to \$50,000.*

C. Tax Increment Financing (TIF) Funds

Public Works Director Wielebnicki reviewed the proposed project for the Garfield TIF. In general staff is proposing some safety improvements in the area such as lights, minor infrastructure improvements. This proposal was developed in conjunction with Business Services Manager Loretta Daly. Trustee Brewer asked the boundaries, and wanted to know how that compares to where the Animal Care League uses property. The improvements will run from Home to Harlem. The Committee asked if Mohr can collaborate in the effort too. Staff said they would pursue it. Volvo has reached out but the TIF district is limited to the south side of the right of way.

The Committee went back to some Fleet Replacement issues. President Pope noted that a longer term bucket of performance looking back 10 years will be meaningful. Jim Budrick noted that in the mid 2000’s a 1% property tax was included to fund the CIP but went away in mid-2000’s.

The Committee reviewed the DTOP and Madison Street TIF funds. Trustee Hedges asked how much of the TIF for Madison is cash? CFO Lesner stated about half.

Business Services Manager Loretta Daly discussed a new potential program for businesses in the TIFs. A grant program for improvements related to life-safety. President Pope asked how critical is this program to discuss now? Staff noted that it is critical for the Madison Street TIF. The Committee said this is a decision for the full Board to consider with details on all of the potential options laid out.

D. Proposed Reorganization and Operating Budgets for the Proposed Department of Community and Economic Development

Interim Manager Pavlicek explained her proposed reorganization as explained in her cover letter in the budget and the reasons for her recommendation. She referenced existing Code and the similarities in her recommendation compared to how the organization is structured today. In 2012 the Village Board provided direction to have an economic development position but it was not clear if that was a stand alone position, department or located in the Village Manager's Offices, such as the Sustainability position. Interim Manager Pavlicek also noted that all of the departments or divisions involved in this reorganization are present tonight at the table and are free to offer their comments.

Trustee Tucker mentioned that the Board is well into a search for a Village Manager. What if the new person doesn't think this is the structure – are we a couple months away- would we make sense to not make this change so close to finding a new Village Manager? Trustee Hedges asked how the 2013 budget funded this position. Interim Manager Pavlicek said it was at 85% because it wasn't expected to be filled until April.

Trustee Brewer said he is comfortable with the timing. Part of the problem is that the Board is not clear on the direction; this opens the door to clear direction and the budget will give a basic foundation to the new manager to do it. Is the recommendation proposed where all of the departments should be – maybe not, but it is a good start. It will then be part of the 2013 budget and it will happen.

Trustee Hedges questioned whether it is the Board's role to define this department? The Board said they wanted this position to give us strength in economic development. I am intrigued by the recommendation. The Board should have specific goals and then it will be flushed out within any new department.

President Pope stated that Trustee Tucker points out an important issue that we need a permanent manager in place; however there was emphasis placed on this by the prior Board. There are some economic development activities handled by the Oak Park Development Corporation (OPDC) which will need clear direction on how it will fit together with this new position. Planning used to have more staff that they don't have today; business services had staff they don't have now; as we talk about this entire area

we need to think holistically about the needs and our limited resources. How do we ensure we get the outcomes we planned for?

Trustee Hedges said that a new manager usually takes nine months to a year to get into the organization; don't know if we can expect something immediately on this issue; not sure what our other fires will be out there. Trustee Brewer stated that this discussion isn't going to change no matter who is Village Manager. We should start this discussion now. In particular Trustee Hedges' comments worry me in that this issue will get kicked further down the road. We could potentially see 12-18 mths before we see real progress which is a major concern for me. I think we can make a decision now and fold in any new Manager once they are here. President Pope said that it doesn't mean the discussion can't happen; the question is who is in the role of Manager. Trustee Tucker said that he doesn't want to lose time but maybe a new person will not think it is right.

Trustee Hedges said that if the current Interim Manager thinks this is way to go, we can get action right away. Trustee Brewer added that this recommendation gets close to what I had in mind.

President Pope raised the issue that this issue has been raised for a significant amount of time; going back to two previous Village Managers. Former Manager Swenson had this in the budget with a Planning focus to make sure the plans we developed became a reality with new investments reflecting our plans. I think Interim Manager Pavlicek makes a compelling case. I just don't want to lose the skill set to do things we wanted with this new position, i.e. make sure plans turn into reality; investments move forward.

Interim Manager Pavlicek added that maybe the Oak Park Development Corporation (OPDC) contract, for example, is a longer contract with a five (5) year plan. OPDC is also involved in the Village's performance management program and the Village is in a comprehensive planning process now. Interim Manager Pavlicek stated again that she is still comfortable with her recommendation. If there is need for a slight deviation with a new Village Manager, that can happen also.

Trustee Hedges asked if he could see a sample job description to understand the type of skills and understand if there is more emphasis on hiring an economic development person or planning person. Interim Manager Pavlicek stated that there are many components to this position. The person needs to understand the role of the Visitors Bureau, OPDC, have a financial background, a planning sense, have economic development experience, and be able to see through a process that a building permit is issued and the redevelopment agreement is followed.

The Committee asked Interim Manager Pavlicek to provide a sample job description; the Committee agreed they are all comfortable with moving forward with her recommendation as tentatively submitted.

D (1) Building & Property Standards General Fund

Overall Staffing

Interim Manager reviewed the chart of FTEs for the Department. For 2012, this budget requests an increase in a part-time Executive Secretary (previously laid off) for the department of BPS, as well as a part-time position for the new Director proposed.

For the division of Business Services, there are no changes in the number of FTEs. President Pope noted that as the Village turns the corner economically and regionally, this may be an area that will be helpful in attracting new investment, which may warrant a need for new positions.

For the Housing Division and Planning Division, there are no new FTEs proposed.

President Pope recalled the CDBG Grants Manager position. Where does that stand in the newly proposed reorganization? I can see the position in a few areas, such as Housing since CDBG as a whole is becoming more of a housing function. Interim Manager Pavlicek stated that the location of that position is still under consideration. Communities have placed that position in Finance, Public Works and Housing, which all can make sense. Interim Manager Pavlicek stated that a final decision will be determined. She also noted that she is not recommending a new FTE in the division of CDBG Grants. President Pope agreed that a new position in this area may not be on trend with the declining money available coming from HUD for these programs.

BPS Department

BPS Director Steve Witt reviewed the need for an upgrade to the main computer software system in his department. The current system, Tidemark was bought out and future support for the system may be difficult. This is a major initiative in his 2013 budget. President Pope wanted to make sure that the Village will be able to maintain history or access history if we go with a new system. Director Witt stated that it would be possible to maintain history. Director Witt also mentioned the need to scan more documents and potentially provide more access over the internet. Currently the 2013 budget has \$100K for this project. There are over 750,000 documents in BPS that need to be scanned, so this project will be on-going. President Pope asked if the Department can ever move to a 100% paperless submittal process. Director Witt said that some cities do this now but it is unlikely that Oak Park will do this because there are many submittals that are less formal and hand-drawn. President Pope asked for a cost of what it would take for the Village to get here; which communities see a benefit to this and any savings they encountered.

Business Services Division

Not too many changes are proposed. The Partner Agencies for which Business Services is a liaison is now part of this budget.

In lieu of the Main Street Program which did not occur, Business Services proposes to use those funds for a community marketing program. In addition funds for another

broker tour are planned (as an annual activity) and funds for outside consultants are also now in Business Services. These are consultants who provide statistical financial analysis for development projects. The holiday grants program continues. A new grant program is proposed to provide sponsorships for special events because some districts struggle to put on events and they either have no funds nor do they have the ability to coordinate the events. President Pope asked if all districts would be eligible for this money? Manager Daly said it will be needs based. Trustee Hedges asked what other districts you would see these funds used. Manager Daly said Harrison, Roosevelt, and South Town.

Business Services also noted funding for sign replacement to help with way finding, especially if damaged but more to analyze our signage. Currently our signage is inappropriate because it is geared only to vehicles and not pedestrians. President Pope asked if signage about educating our community and connecting our community via the business districts is part of this project. Manager Daly said that the signage can do that.

Housing Division

Housing Programs Manager Tammie Grossman stated that the budget is similar to the year prior.

Related to the Multi-family Housing Program Incentives Program, that needs to be revised slightly as it relates to rental reimbursement. In reviewing the program it appears that over the last four years the Village does not achieve the same level of outcome with rental reimbursement as it does with the grants. The grants appear to be more successful. Maybe we will propose amending the program at a reduced amount (50%) or not fund it at all.

The division will have a new grant program for seniors or accessibility. Two years ago the Village applied for this grant but it didn't get funded, however this year the State called and asked if the Village still wanted the grant to do the program.

Manager Grossman briefly reviewed all of the remaining programs.

Trustee Hedges asked if there is a greater need for the small condo program? Manager Grossman said that currently her Division runs an extensive education program for condo owners, including a blog on it and Rescorp has a specific program. If we were to expand Rescorp would need to hire additional staff.

Planning Division

The Planning Division noted nothing new in 2013 except that the grant-funded Comprehensive Plan is underway in 2012 and will continue in 2013.

V. Old Business

Equipment Replacement Fund

There are a few major projects in the Equipment Replacement Fund proposed for 2013. One is the replacement of current cabling in this building in conjunction of new phone system (and potentially coordination with the Parks and D97) and the cabling in general is outdated. The Village would like to move toward the ability for voice over internet. President Pope asked for an overview of the current phone system vs. what is proposed in 2013. Interim Manager Pavlicek said that she will provide the Committee with a detailed report from the Information Technology Director. The Committee would like to understand the life expectancy of the new system, the cost-benefit analysis of a new system and the cost over time. Interim Manager Pavlicek said that this is one of the budgeted items that may change between now and the budget adoption.

CFO Lesner reviewed the document imaging costs. Trustee Brewer asked for specific information related to the Police Department and the incompatibility of new equipment as noted in the 2013 requests.

President Pope asked if the Segway was part of our vehicle or equipment replacement. What is the life-cycle? They appear to be successful and serve a community function with the Police Department but we never see costs associated with their maintenance.

The meeting adjourned at 10:05 pm.