

**Finance Committee of the Village Board  
Tuesday September 11, 2012**

**APPROVED MINUTES**

**I. Call to order at 7:09 pm**

Village President David Pope, Trustee Glenn Brewer, Trustee John Hedges and Trustee Robert Tucker present.

Also present: Interim Manager Cara Pavlicek, CFO Craig Lesner, Budget & Financial Manager James Harris III, Deputy Manager Lisa Shelley, Public Works Director John Wielebnicki, Forestry Superintendent Jim Semelka, Solid Waste & Recycling Manager Karen Rozmus.

**II. Minutes of the August 20, 2012 meeting were approved. Motion to approve by Trustee Tucker and, seconded by Trustee Hedges. Trustee Brewer abstained.**

**III. No Public Comment**

The Executive Director of the Park District and others representing the Park District of Oak Park were in attendance to hear the discussion on the CIP as it relates to the water main replacement project under Ridgeland Commons.

**IV. New Business**

Overview

Interim Manager Pavlicek began with an overall explanation of the budget and how information is presented. If there are revised or updates pages during the process, those pages will be copied on purple.

Water & Sewer Funds

The Committee reviewed Water & Sewer Funds. Interim Manager Pavlicek discussed the status to merge these funds. She stated the auditor had no negative reservations about merging these funds and was seeking direction from the Finance Committee tonight to move forward on this recommendation. CFO Lesner will merge the history too. Trustee Hedges asked if there was any downside to merging these funds or any issues in our ability to seek debt in the future. CFO Lesner said he did not see any issues. Trustee Tucker asked if there was any outstanding debt for these funds. CFO Lesner said there was no debt outstanding.

Trustee Hedges continued with additional questions on the Village's debt such as our % of debt, what is the best measure if that is too low or too high. President Pope mentioned the need for a debt policy. Trustee Hedges asked about our debt outstanding and the

ability to pay it back. Interim Manager Pavlicek stated that CFO Lesner was gathering information for the Committee and the Board on this topic. Mr. Lesner can prepare information on how all of the jurisdictions impact the Village, our ratings and benchmarks.

***The Finance Committee had no objections to merge the Water and Sewer Funds.***

The Committee discussed the concept of the fund balance and what is “cash” in the Water & Sewer Fund. CFO Lesner said there is very little cash; usually we will spend it as we receive it. The Committee noticed some swings in the 2012 budget and estimated numbers (@ \$950,000). CFO Lesner and Interim Manager Pavlicek noted some transfers for employee benefits as an example. Interim Manager Pavlicek stated that the Board will receive an updated page on all transfers. CFO Lesner said the “swing” may be more of a revenue issue since the Village didn’t spend anything different. The Committee would like to revisit this issue once the updated page on transfers is received.

The Committee discussed the concept of uncollected water. Interim Manager Pavlicek mentioned the ability of the Village to shut-off water which creates a better collection rate. CFO Lesner will provide the amount uncollected. Interim Manager Pavlicek mentioned the Plan It Green’s recommendations on water conservation that will be forthcoming for Board review. In that report automatic billing is recommended to increase the collection rate. President Pope asked for information on how many people currently use auto billing. Public Works Director Wielebnicki noted that last week Public Works did an experiment with new technology and was able to read all of the water meters in a day with 99% accuracy. The issue will be the ability for Finance to manage the workload for monthly billing. CFO Lesner said that unless all of the customers are on auto-billing, it will be hard.

Staff noted that the budget includes the City of Chicago’s 15 % increase.

President Pope noticed that contractual services appear to have risen significantly. Public Works Director Wielebnicki will review and provide more information.

President Pope asked about the cost for a “rate study” and asked staff to explain what this will do. Public Works Director Wielebnicki said it is a study to identify what rates should or could be based on identification of the full cost of water. This is another recommendation in the Plan It Green’s water conservation recommendations. Interim Manager Pavlicek explained further that it also is a study to develop strategies to layer rates based on consumption, for example the high user (hospital) v single user will pay more per gallon. Trustee Hedges was unsure of this approach. President Pope was also unsure and tried to understand that if a customer uses 5x as much as his neighbor, that customer is still paying for all of the water consumed. Maybe from an infrastructure perspective, for example a larger facility with larger pipes may pay more due to maintenance etc. Public Works Director Wielebnicki stated that this study will prepare him to manage with less revenues if we are correct in predicting that we will be using less water (water conservation in general) in the future and how to manage the increase in

capital costs. Trustee Tucker noted that if one or more Trustees are not currently sold on this study right now, maybe the Committee should recommend removing the item from the budget. Trustee Hedges asked if the Committee could see some examples of similar studies done elsewhere. Village Engineer Jim Budrick noted that the Village of Oak Park did one approximately 10 years ago. Trustee Tucker thought that there may be value in seeing a sample study done elsewhere to gauge if there is other value in a study such as this aside from the one issue already described. Trustee Brewer asked to clarify if this study is part of the Plan It Green's water conservation recommendations? Public Works Director Wielebnicki replied that it was indirectly. Mr. Wielebnicki said indirectly. He thought if revenues go down because of water conservation how do we start planning for the loss in revenue in order to continue to do improvements or maintenance on the system. President Pope expressed that at first look, he was not in favor of a tiered water rate structure.

***The Committee will wait for more information, specifically samples of other water rate studies, prior to making a final opinion on this project.***

#### CIP/Water&Sewer Fund/Ridgeland Commons Water Main Replacement Project

The Committee asked Public Works Director Wielebnicki to jump to the CIP project for the Park District members who are listening and attending tonight's meeting. Public Works Director Wielebnicki provided an overview of the specifics of the project. This water main encroaches on the facility the Park District is about to build. It is estimated that the main was built around 1913, however currently the Village has no issues with the main and if it were not for the Park District's project and their request for the Village do this work now, this project would not be on the current CIP plan. The Park District noted some savings to the Village in that if this is done now, versus waiting for a break, the cost of replacement is far less since the ground is already dug. Village Engineer Budrick confirmed that this project is not on his 5-year water main replacement plan but that with the construction of the new Park District facility and being that the main is made out of cast iron, it is likely that it will crack during Park District construction.

President Pope asked if the main can be relocated to not run under the Park facility. Village Engineer Budrick explained that it will cost more and cause the Village to have a larger system than needed and in addition, the more bends in the pipe the lower the pressure.

Public Works Director Wielebnicki stated that his budget does not show a cost sharing between the Village and the Park District for this project. The current draft budget reflects 100% by the Village. The Park District stated that they feel they are already cost sharing in that they already will have the ground opened for the Village to do this work. Trustee Hedges stated that he was in favor of this project and didn't think the Village should pass up this opportunity to do the work during the Park District's construction. The Committee discussed if any easement agreements existed that would have clarified who is responsible for the maintenance of this line in the future. No agreements were found.

Trustee Hedges asked if dedicating these funds for this Ridgeland Water Main Replacement will set the Village back on its schedule to repair local streets. Public Works Director Wielebnicki replied that it will. Trustee Hedges asked if we can refinance the street repairs to keep us on track. Public Works Director Wielebnicki said we could explore outsourcing the 4-5 blocks that we will miss this year and hire an engineering consultant to take this on. President Pope stated that if the Village needed to do the 4-5 blocks to keep up with the schedule, we should consider bonding for the work, however if we are ahead of schedule, then may not.

***Public Works Director Wielebnicki will provide follow-up information. Aside from that information, the Committee agreed to pay 100% of the cost of replacing the Ridgeland Commons Water Main in FY 13 in conjunction with the Park District Remodeling Project at Ridgeland Commons.***

#### CIP - Continued

The Committee then continued in reviewing the other projects in the CIP.

Public Works Director Wielebnicki noted that by 2014 all of the water meter readers will be on a fixed network system and should eliminate the need to drive around to get readings.

The Committee talked about the term shown on the CIP called “Projected Gap”. This is to show when expenses exceed revenues for projects planned. President Pope asked for an explanation on the moving revenue numbers.

The Committee discussed the funds in the FY 13 budget for a second year of the Sewer Backflow Prevention Grant Program. This year 74 applications were processed. There are currently 25 on a wait list in the event the Village decided to continue funding, however as of July 1<sup>st</sup> the Village shut down the wait list completely. Of the 74 grants processed, 29 were overhead sewers (average cost of \$ 7,300), 41 were backflow prevention system (average cost of \$8,100), and 4 were ineligible. Trustee Hedges assumed that the Village would continue the program. President Pope and Trustee Brewer were still opposed as written. President Pope asked if there is any data available or tracking of flow after a major rain event based on any of these new systems in place.

***Even though the Finance Committee was split on this issue, the Committee assumed the Village Board would vote similar to the last vote to continue the program. Discussion ended.***

#### Public Works General Fund

Interim Manager Pavlicek announced that she would like to revise the departmental organizational charts to include any advisory board and commission that fall to a staff liaison in a department.

Public Works Director Wielebnicki noted an overtime savings due to a mild winter (\$100K). In addition, there is less salt proposed in this budget due to an existing stockpile.

President Pope asked Public Works Director Wielebnicki to review his contractual services for Building Maintenance. President Pope noted fluxuating numbers even though the service has since been outsourced.

Public Works Director Wielebnicki noted the new costs for Marion ST powerwashing, brick replacement, heated sidewalks, etc transferred from the DTOP TIF. However, some of these costs were under discussion with regards to forming an SSA.

The Committee asked about the status of the Emerald Ash. Public Works Director Wielebnicki stated they are keeping up with it and Village Forester Jim Semelka noted that he is surprised that the Village has not been hit as hard as other cities. The Village continues to split our bids for summer & winter tree removals which saves the Village significant dollars. Forester Semelka confirmed that the Village is in a 4-year trim cycle, however this year the Village is in Section 3 which has far less trees than any other area so the cost is down. In addition, as a result of the 50 ft spacing policy, the Village has certainly *not* planted less trees. That is a big misconception. President Pope asked at what point can the Village look back and see this progression to a better tree canopy, which was to be the result of the 50 ft spacing policy. Forester Semelka stated in about 10 years. Dutch Elm Disease removal is still about 150 per year. The Village's population is about 18,500, so by the time Emerald Ash and Dutch Elm have finished/run its course, it will be about 8-10 yrs. President Pope confirmed with the Forester that the Village actually has a higher tree planting rate than in years before at a rate of 450 per year.

Public Works Director Wielebnicki reminded the Board that for landscaping, the Village has an arrangement with DTOP to provide them the funds the Village would have spent for their location, but instead DTOP manages it in order to match their own funded program.

Public Works Director Wielebnicki also noted that in the "unfunded requests", staff recommended Harrison at \$67,000 for maintenance repair (not funded in contractual); South Town at \$52,000. President Pope noted this seemed higher for landscaping than the other areas by comparison. Forester Semelka stated that these are more hardscape improvements (i.e. broken sidewalks) and less landscaping. Interim Manager Pavlicek said this was on the top of our unfunded initiatives. In general, President Pope mentioned a Village policy to date in which the Village typically doesn't fund business district marketing support unless it is commensurate demand from other districts (exception, tearing up street, or SSA). However, if there is seed funding related to a plan to get to a point where a district can be self-funded (SSA or TIF), that may be considered. Is there a long-term plan for these districts? The Committee asked for various updates.

***The Committee did recommend to (1) agree to fund South Town and Harrison as described by Public Works Director Wielebnicki for a total of \$119,000, and (2) will want a plan that is reviewed by the Planning Division and our streetscape consultant Lakota.***

#### Environmental Services Fund

Public Works Director Wielebnicki said the budget is straightforward. The Village is in the middle of a multi-year contract with Waste Mgt. Solid Waste Manager Rozmus will review the budget again. Public Works Director Wielebnicki noted that the FY13 budget was developed with a 3% increase however the contract with Waste Management is for CPI which is 1.1%. The Village can adjust the number back or use the funds for additional programming.

***The Committee recommended to decrease the rates back down to 1.1%.***

Solid Waste Manager Rozmus provided an update on the Village's pilot composting program. In the pilot area, there was a 10% participation rate at their own expense. Ms. Rozmus expects some commercial users and schools to also start similar programs (i.e Jewel, Whole Foods, and Lincoln School). The composting is traveling 20 miles, and refuse is traveling 100 miles; for the future the hope is to reduce/impact disposal fees. The pilot area would like to continue the program in the winter. The Village will open this program to the entire Village next April. There is a grant available for large generators such as Seven Generations Ahead, etc, through DCEO. Trustee Tucker asked if we can get more data on this program such as the savings on gas, emissions, etc and more details on where the scrap goes.

Public Works Director Wielebnicki gave a very brief overview on the Fleet and Equipment Replacement Fund. He will return on another night to provide more details.

Highlights included:

- Roadways is the same funding as years previous
- There are recommendations to use the Garfield TIF funds for improvements
- Bike parking at the red and green stations
- There is a \$93,000 match for a Madison Street bike plan (will go away if no action on Madison Street)
- Alley repairs at the same level as last year
- The Village Hall Chiller is on hold pending the joint facility discussion

Meeting adjourned at 10:23 p.m.