

**Village of Hinsdale
Finance Commission
Minutes of the Special Meeting on March 20, 2012**

Members Present: Chairman Hughes, Commissioners Balzekas, Kushner, Morris, Posthuma, Tobia and Waldo

Staff Present: Darrell Langlois, Assistant Village Manager and Dave Cook, Village Manager

Others Present: Trustee Geoga

Meeting Called to Order at 7:30 p.m.

Approval of Minutes

Chairman Hughes welcomed the two new Commissioners, Edward Tobia and Stan Balzekas and asked them to briefly give their backgrounds.

Chairman Hughes asked for a motion to approve the minutes of the December 20, 2011 Commission meeting. Commissioner Kushner moved approval of the minutes. Chairman Hughes pointed out a few typos. Chairman Hughes asked about a discussion about water and a breakdown of price versus volume. Mr. Langlois stated that he did not have a clear indication of those figures but he would come back to the Commission monthly with those updated figures.

Commission Waldo stated some items that should be added to the minutes. Mr. Langlois explained that the fire shared services agreement with Clarendon Hills was implemented about a year ago; Mr. Cook stated that the savings would be about \$300,000.

Chairman Hughes wanted that information added into the minutes. Commissioner Waldo seconded the motion to approve the minutes with the additions discussed and the minutes were unanimously approved.

Agenda Items

Review and Discussion of the January, 2012 Treasurer's Report

Mr. Langlois reported that Base Sales Tax receipts increased by 11.4% during January and increased by 5% during February. March receipts increased 10.67%, largely due to the Christmas holiday sales.

Income Tax revenue for the month of January decreased by 1.1% and decreased by 7.7% for February. Total Income Tax receipts for the first ten months of FY 2011-12 total \$1.4 million, a decrease of 4.3%. During the month of March, the revenue increased 23.4%.

Mr. Langois reported on the Telecommunications Tax. January revenue increased 59.3%, February increased 9.6% and March increased 38.5%. Year to date is now 3.3%

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over budget. Commissioner Kushner asked the reason for the trend. Mr. Cook explained the State of Illinois distributions fluctuate each month and there is no explanation for it.

Mr. Langlois reported that all additional information related to revenues was included in his report and that the year end projections in the Treasurer's Report have been updated. There were no questions from the Commissioners.

Review and Discussion of Draft FY 2012-13 Annual Budget

Chairman Hughes explained that he thought it was best for the Commission to go through Trustee Geoga's presentation of the budget. The budget review is no longer reviewed at the Board Committee level, but instead the entire Board will take up the FY 2012-13 budget at the first April meeting. The general public will have a number of opportunities to comment on the budget.

Trustee Geoga commented on the presentation and how to follow the capital expenditures across a number of different funds. To date there has been progress with planning infrastructure projects on a multi-year basis, which is funded through various capital accounts and supplemental funding from the General Corporate Fund operating budget. Trustee Geoga commented on the operating budget, departmental capital budget, and infrastructure projects separately.

Trustee Geoga stated the number one budget priority continues to be infrastructure projects; next years budget includes the first phase of the Woodlands project. \$1,250,000 of department capital includes a new ambulance of which 50% is being funded by Edens Assisted Living project. Property tax levies for the Police and Fire Pension funds are based on the most recent actuarial studies. The budget includes a one time contribution of \$100,000 each to the Police and Fire Pension funds using the current year's budget surplus since they are substantially underfunded.

Trustee Geoga stated that the master infrastructure plan is still struggling to meet the obligations of capital needs, and that the police and fire pension funds are still concerned with their pension plan funding. Trustee Geoga reminded the Commissioners that the Oak Street bridge project is being funded 100% from grants and is not included in the MIP.

Trustee Geoga stated that the budget includes \$1,500,000 being transferred from General Corporate Fund to the Infrastructure Fund in FY 2012, which is \$400,000 more than budgeted. He stated that none of the contingency funds will have to be used this year and that \$400,000 will be used to fund a new capital reserve account for departmental capital, though much of it will be used in FY 2013. The unallocated corporate fund balance will be in excess of 25%, consistent with past budget policy.

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Trustee Geoga commented on the results balancing the budget and how important it is to maintain the infrastructure plan. The surplus has been created because departmental capital has been lower than requested. He commented on the revenue numbers and that operating expenses are close to what they should be. He also noted that grants for park projects and police seizure funds have been utilized to partially fund departmental capital over the last several years.

Trustee Geoga commented on the new budget and noted that recurring revenues were about 2% over the prior year. Public Works employees will be negotiating their initial collective bargaining agreement and non-union employees will get a 2.5% cost of living raise. There will be no change in the number of employees. He stated that the Village pool is budgeted to run at an operating surplus. Trustee Geoga noted that the budget contains a pilot program for treatment of ash trees due to ash borer situation.

Trustee Geoga commented on the departmental capital. These should also be handled on a multi-year basis. This summer each department will provide a five year capital plan. It is the intention of the Village Board to have each department present and review their capital expenditures.

The Commission asked about the status of possible consolidation of Police services with Clarendon Hills. Mr. Cook noted that they are pursuing legislation that would allow this to occur. Commissioner Waldo asked Trustee Geoga and Chairman Hughes about capital spending not included in the infrastructure plan. He asked about how reserves could be built up for large items such as pool replacement or a new fire truck. Trustee Geoga noted that due to the large cost the eventual pool replacement would become a referendum question. A new pool would overwhelm any existing capital plan. Mr. Cook stated that five year plans are the norm in most communities. Most villages will not look past five years. There are big ticket items like tuck pointing that will not need to be done for 15 or more years and where we are going is consistent with other municipalities do in practice.

Trustee Geoga commented on how the departmental capital budgets are formulated. The departmental capital budget for FY 2012-13 is approximately \$1,250,000 which includes grant related items for KLM, an email server replacement, new ambulance, Burlington Park wall restoration for a budget amount of \$200,000 and painting the Memorial Building. Trustee Geoga stated that one of the items on the wish list is replacing the street lights with LED bulbs and this may involve the fixtures and possibly the stand. There is a pilot program in the central business district.

Mr. Langlois noted that the MIP projects includes finishing Chestnut Street and the Washington Street project. Total budgeted MIP work will be \$14.6 million. The village will issue bonds of \$5 million and also \$1.575 million to fund the resident's portion of the

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Woodlands project. Additional borrowing will come from the IEPA for the Chestnut Street project as well as work already completed on Garfield Street.

Trustee Geoga stated that the Washington Street project has encountered some minor budget problems and the solution may be to utilize some of the contingency funds. There is no current year use for the \$300,000 maintenance allowance included in the MIP. Water usage has declined but sales tax revenue has been good. Trustee Geoga commented on the option of installing new water meters that could be read electronically and that cost would have to be brought into a capital plan.

Chairman Hughes asked if any of the Commissioners had any questions for Trustee Geoga regarding the presentation. Commissioner Balzekas asked staff about the funding of the Police and Fire Pension fund and asked where the Village is regarding funding those pensions. Mr. Langlois stated that they are approximately 60% funded and the state mandate is 90% by 2040.

Commissioner Waldo asked if the \$225,000 set aside in FY 2013 for total legal services would be sufficient to fund the expenses of collective bargaining for the Public Works employees. Mr. Cook stated that the FOP will be wrapped up this year and staff believes that amount should be sufficient provided there isn't arbitration on the public services collective bargaining agreement.

Chairman Hughes asked if the Commissioners had any questions on the budget for Mr. Langlois. Commissioner Morris asked about other expenses category under General Government. Mr. Langlois explained that some of those miscellaneous expenses are line items that will be moved to other areas as the year progresses. There was discussion regarding the EDC budget amount and what the money is spent on.

The Commission asked about the increase in the dispatch line item. Mr. Cook stated that the board was aware of this increase when the contract was signed as the full cost of participating in Southwest Central Dispatch is being phase in. The Commissioners asked about the service for mosquito abatement. Mr. Cook explained the procedure and the budget usually contains funds for treatment. Commissioner Posthuma asked if the horticulturist and arborist positions could be combined. Mr. Cook explained that these are two distinct positions and both also serve as crew foremen.

The Commissioners and staff discussed the sidewalk policy and the risk management related to that. Commission Waldo talked about the Parks and Rec budget regarding KLM and asked it makes a profit or loss as a business unit. Trustee Geoga stated that the lodge operates at a very small positive number and the Trustees feel that it should do better. The new lodge sales manager has the responsibility of trying to increase sales as well as manage the facility. The Commissioners discussed Gateway Special Recreation

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Association and what the budget amount will be for the next year due to a decrease in population.

Chairman Hughes asked if there were any items that were being pushed out of the capital budget for Parks and Rec. Mr. Cook explained how some are maintenance and some are part of the master plan which will start in a few years. Mr. Langlois explained that there is \$300,000 in grant funds used for the parks improvements.

Chairman Hughes asked about the motor fuel tax. Mr. Langlois explained this is one of the taxes used for the infrastructure plan and it will be transferred to the capital fund. Mr. Langlois explained expenditures from funds being used for the MIP and how funds will pay for the loans.

Mr. Langlois explained the debt service page. There were bonds that were paid off. The Commissioners and staff discussed the Woodland project funds that have been received. The water funds and potential increase in rates was explained by Mr. Langlois and discussed by the Commissioners. Mr. Langlois explained that he does track the water usage data and there is replacement of meters being done on a daily basis.

Trustee Geoga asked the Chairman what he should report to the Board regarding the budget. Chairman Hughes stated that the revenue items there was no guidance and the reserve has a contingency. Departmental capital is twice what was suggested and infrastructure is overfunded so the Commission believes that the budget has met the direction give back in December.

The consensus of the Commission finds the budget reasonable and prudent. The Commission did believe that when a large expenditure is required, such as a new pool that would be a referendum item and not something that could be prepared for with reserves.

New Business

Chairman Hughes stated that there was no new business that was not already discussed.

Adjournment

As there was no further business to come before the Commission, Commissioner Kusher moved to adjourn the meeting, seconded by Commissioner Waldo. The meeting was adjourned at 10:08 p.m.

Respectfully Submitted:

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Darrell Langlois
Assistant Village Manager

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