

VILLAGE OF HINSDALE
Administration and Community Affairs Committee
Minutes of the Special Meeting of December 8, 2014

Chairman Hughes called the special meeting of the Administration and Community Affairs Committee to order in the Board Room of the Memorial Building on December 8, 2014 at 6:34 p.m.

Members Present: Chairman Hughes, Trustees Angelo, Elder and LaPlaca

Staff Present: Kathleen Gargano, Village Manager; Darrell Langlois, Assistant Village Manager/Director of Finance; Gina Hassett, Director of Parks and Recreation, and Tim Scott, Economic Development Director

Others Present: None

Approval of Minutes – November 3, 2014

Trustee Elder moved approval of the November 3, 2014 minutes. Trustee Angelo seconded the motion. Trustee LaPlaca and Chairman Hughes each noted minor changes to the minutes. The motion passed unanimously.

2014 Tax Levy Documents

Mr. Langlois summarized the tax levy documents and explained the gross levy with a series of abatements. The levy is at the maximum amount allowed by the tax cap and is consistent with the preliminary levy adopted earlier in November. Pension funds are required by law to request a contribution and submit a municipal compliance report. Mr. Langlois explained that there are three sets of actuarial data used: village, state and pension fund data. All of this data is criteria for the Village Board to use towards determining the police and fire pension fund tax levies. The total recommended levy is proposed to increase 2.6%.

Chairman Trustee Hughes noted that he would like to discuss the pension tax levies so he would like to consider approval of items 2b through 2g first and then address items 2a and 2h.

Trustee LaPlaca moved approval of the following resolutions:

Resolution abating the tax hereto levied for the year 2014 to pay the principal of and interest on \$3,500,000 General Obligation Bonds (Water and Sewerage Systems Alternate Revenue Source), Series 2008, of the Village of Hinsdale, DuPage and Cook Counties, Illinois.

Resolution abating the tax hereto levied for the year 2014 to pay the principal of and interest on \$1,425,000 Taxable General Obligation Bonds (Alternate Revenue Source), Series 2011, of the Village of Hinsdale, DuPage and Cook Counties, Illinois.

Resolution abating the tax hereto levied for the year 2014 to pay the principal of and interest on \$5,000,000 General Obligation Bonds (Alternate Revenue Source), Series 2012A, of the Village of Hinsdale, DuPage and Cook Counties, Illinois.

Resolution abating the tax hereto levied for the year 2014 to pay the principal of and interest on \$2,710,000 General Obligation Refunding Bonds (Library Fund Tax Alternate Revenue Source), Series 2013A, of the Village of Hinsdale, DuPage and Cook Counties, Illinois.

Resolution abating the tax hereto levied for the year 2014 to pay the principal of and interest on \$2,025,000 General Obligation Bonds (Waterworks and Sewerage Alternate Revenue Source), Series 2014A, of the Village of Hinsdale, DuPage and Cook Counties, Illinois

Resolution abating the tax hereto levied for the year 2014 to pay the principal of and interest on \$5,000,000 General Obligation Bonds (Alternate Revenue Source), Series 2014B, of the Village of Hinsdale, DuPage and Cook Counties, Illinois

Trustee Elder second the motion, item passed unanimously.

Chairman Hughes then introduced the tax levy ordinance and asked Mr. Langlois to provide background on the Police and Firefighters' Pension Fund tax levies. Mr. Langlois noted that the first step in the process involves the Village undertaking an independent actuarial study, which for the last several years have been performed by actuary Tim Sharpe. In the aggregate the police and fire pension levies have increased by \$131,000. The increase is partially attributed to the state-required actuarial method shifting some of the pension cost to later years in an employee's career. The actuarial assumptions used by the Village actuary are nearly identical to those used by the State of Illinois. The Village is also in receipt of the actuarial valuation performed by the State, which would result in a higher Village contribution due mainly to the inclusion of one year of interest, which is not required under the statute.

The pension funds make a request based on data from their own actuary, who in turn has used a number of different actuarial assumptions and in the case of the Firefighters Pension, they have calculated their request based on a different actuarial method than that required under the statute and funds the liabilities at 100% as opposed to the 90% amount required by law. The Firefighter's Pension Fund request is nearly \$400,000 more than the statutory minimum amount calculated by the Village, and the Police request is much closer to the Village amount. The tax levy continues the past practice whereby the levy is based on the minimum amount required under the statute, with the Village subsequently considering discretionary contributions should there be sufficient operating surpluses at the conclusion of the budget year.

Trustee Elder then moved for approval of an Ordinance Levying Taxes for Corporate Purposes for the Fiscal Year of the Village of Hinsdale, IL commencing on May 1, 2014 and ending on April 30, 2015. Seconded by Trustee Angelo. Chairman Hughes noted that not being at 100% funding for the pension funds does not trouble him as long as the Village is

making progress toward reducing the unfunded amount. The recommended tax levy does this for the Police Pension Fund, and although the Fire Pension funded amount declined by 0.1%, this will not be true if the Village makes a discretionary contribution. Motion passed unanimously.

Mr. Langlois then provided background information on the small tax levy associated with Special Service Area #9 in which resident requested drainage improvements are being paid back to the Village over a ten year period. Trustee Elder moved to recommend approval of an Ordinance for the Levy and Assessment of Taxes for the Fiscal Year Beginning on May 1, 2014 and ending on April 30, 2015, in and for the Village of Hinsdale Special Service Area No. 9 – Localized Drainage Solution. Trustee Angelo seconded the request and the motion passed unanimously.

Change to the Personnel Policy Related to Tuition Reimbursement

Mr. Langlois noted that the Village has a provision in its personnel policy that provides for reimbursement of tuition expenses for advanced education classes taken by full time employees. The program has been suspended since the beginning of the recession. Several employees have asked that the Village reinstate the program. Village management would like to reinstate the program but are recommending limiting the amount of tuition reimbursement to \$2,500 per year and requiring the payback of tuition reimbursement funds at the rate of 25% per year if an employee leaves Village employment in less than four years after receiving a reimbursement. Current benefit provisions do not limit the amount of tuition reimbursement an employee can receive and no payback is required after one year.

In assessing the recommended dollar limitation, Trustee Elder asked about past experience. Mr. Langlois noted that no employee had taken advantage of the program for the last six or seven years. Trustee LaPlaca noted the potential difficulties of administering the proposed change that requires the class or degree program to provide a “direct benefit” to the Village. Chairman Hughes would prefer a “co-pay” by the employee and feels a four year payback is excessive. Chairman Hughes suggested funding at 80%, Trustee LaPlaca suggested 50%. After discussion, Trustee LaPlaca moved approval of a revised tuition reimbursement policy that would reimburse employees at 80% up to a total reimbursement of \$2,500 and requirement a payback if an employee leaves Village employment in less than four years. Seconded by Trustee Elder. Motion passed unanimously.

Ordinance Amending Title 4 (Public Ways and Properties). Section 7B (Water and Sewer Rates) of the Village Code of Hinsdale to Add a New Section 7-4B-6 (Meter Testing in Cases of Contested Bills)

Mr. Langlois noted that Village staff is concerned about a potential significant increase in the number of high water bill complaints as a result of replacing older water meters, which frequently slow down over time, with newer and more accurate water meters. After limited leak detection performed by Village staff, a resident may request that the meter be pulled out and tested by the manufacturer. This can result in a significant amount of staff

time and the additional outside expense of meter testing, and in practice it is very rare that a new water meter would fail an accuracy test.

Trustee Elder moved approval of the Ordinance Amending Title 4 (Public Ways and Properties). Section 7B (Water and Sewer Rates) of the Village Code of Hinsdale to Add a New Section 7-4B-6 (Meter Testing in Cases of Contested Bills). Trustee Angelo seconded the motion. Trustee LaPlaca noted that she has experienced an increase in her water bill due to the new meter and wanted to note that this also impacts sewer charge from Flaag Creek Sanitary District. Motion passed unanimously.

Monthly Reports

Treasurers Report

Mr. Langlois noted that the report includes updated year projections now that we are six months through the fiscal year. Building permit revenue is the highlight and it is currently projected to be \$837,000 over budget, with the Village total budget variance projected at \$688,000, meaning that the positive permit fee variance is partly being used to offset declines in other revenue sources. Mr. Langlois noted the under budget performance of water and sewer revenue due to a large decline in water purchased from the DuPage Water Commission due to the very wet summer and fall season. Water revenues are currently projected to be \$1.2 million below budget. Mr. Langlois noted that over 200 water meters have been replaced as we are just beginning the water meter replacement program.

Chairman Hughes noted that he was uncomfortable as to “guessing” on the cause of the water purchase decline. He suggested further analysis in order to validate the cause of the decline, including an account review of large accounts looking for large declines. Mr. Langlois noted that the water usage for the last five months is the lowest since at least 2002, which is the earliest date that we have data. Chairman Hughes noted that he is uncomfortable with the current rate structure as the water rate is based solely on the consumption of water, whereby some of the water rate should be devised to charge for the access of water. Mr. Langlois noted that many other communities impose a service charge that is designed to recover the fixed cost of the system.

Park and Recreation Activity Report

Ms. Hassett noted that there are going to be revisions in the next mowing contract. The Peirce Park project is nearly complete. There is no ice skating go on yet due to warmer revenue. Trustee La Placa asked about park facilities north of Ogden Avenue, staff has had dialogue with Oak Brook Park District about various alternatives.

Economic Development

Mr. Scott noted issues surrounding the tree lighting contractor. The new sign cabinets in Burlington Park were very well received by the Trustees. Staff is working on securing a new tenant for the train station property. Mr. Scott reviewed tenant activity in the downtown businesses.

Adjournment

As there was no further business to come before the Committee, Trustee Elder motioned to adjourn. Trustee Angelo seconded and the motion passed unanimously. The meeting was adjourned at 7:49 p.m.

Respectfully Submitted:

Darrell Langlois
Assistant Village Manager/Director of Finance

DL/lc