

**Village of Hinsdale  
Finance Commission  
Minutes of Meeting on May 1, 2008**

Members Present: Chairman Kane, Commissioners Aggarwal, Bauschard, Jurgenson, Kushner, Vernick, Wagner and Waldo

Members Absent: Commissioner Savickas

Staff Present: Doug Cooper, Assistant Village Manager/Director of Administration

Others Present Trustee Michael Smith, Karl Weber, Phil Moriarty, and Mary Angelo

Meeting Called to Order at 7:33 pm.

**Approval of Minutes**

Chairman Kane asked for a motion to approve the minutes. Commissioner Waldo moved for approval which was seconded by Commissioner Wagner. Chairman Kane asked if there was any discussion on the minutes as presented. None being heard, the minutes were approved.

**Discussion of Financing for the Village Infrastructure Master Plan**

Chairman Kane discussed the Finance Commission recommendation regarding the financing of the Infrastructure Master Plan. He stated that since October three items had occurred which may have an affect on the plan previously presented. The first was the introduction of new estimated costs for the Woodlands Project, the increase of the sales tax rates for both Cook and DuPage Counties and the defeat of the Electrical Referendum in February.

He stated the Commission was asked review the plan to determine that this was still the best approach. It is hoped that the Commission could come to some decision in July as to whether the Village should continue on the same course or decide on some alternatives. He asked that Commissioners Kushner and Aggarwal review the project costs again, including the Woodlands. Commissioner Jurgenson asked about the previous discussion held on the Woodlands and what the status was on some points that were raised at that meeting regarding various components that could be eliminated which would reduce the overall cost of that project.

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Commissioner Kane stated that there were still some unresolved issues in this area. Commissioner Waldo then asked if there would be impact on Village's finances related to the HMS discussions currently taking place. It was discussed that the cost to the Village would be neutral. Further discussion indicated that the HMS project was not going to move forward—that the Task Force has been disbanded. Chairman Kane then asked Commissioners Kushner and Aggarwal once again to review the costing of the program, and specifically to look at how the Woodlands costs increased from \$6 million to almost \$20 million. He also stated that the sales tax recommendation may need to be reevaluated. He stated based on the defeat of the Electrical referendum the sales tax may be a harder sell. Commissioner Vernick then mentioned that the property tax bills had been sent out by the county and this could also have a detrimental effect to the passage of the referendum.

Chairman Kane then recognized Village Trustee Smith and asked him if he wished to provide comments to the Commission. Trustee Smith stated that he was also concerned about the passage of the Sales Tax Referendum. He discussed "The Doings" editorial on sales tax rate increases and how the increase could affect certain individuals. He felt that there were two issues that needed to be addressed--one was the aging infrastructure and what the absolute needs are vs. wish list needs, and what can we absolutely afford if the Village cannot get a tax increase passed. He discussed the increase in the water rates as well as the utility tax rate increase. He felt that staff should show what the absolute needs are and what the cost is. Commissioner Vernick stated that the plan as it currently exists is over a much extended time, and all the needs could not be immediately addressed--the period of time was over seventeen years. There was discussion by both Trustee Smith and the Commission regarding current fees in place and whether there may be a need to raise "impact" fees to help cover some of these costs. There was also some discussion on the rating schedule of the streets and how this also impacts the overall cost of replacing the streets over an extended period of time.

Commissioner Waldo stated that there was also an overriding issue regarding the Commission's work on building the Village's Corporate Fund reserve levels back to the 25% as designated by Village policy. Trustee Smith stated that possibly the Village may have to review this policy if additional funding was needed to improve the roads in a difficult economic time, and there were no additional sales tax revenues available. Chairman Kane stated that it would not be cost effective to sell any debt if the reserve level is below the 25%. He stated that the Commission will continue to review this dilemma and will give this a thorough hearing and provide the Board with the Commission's thoughts. Trustee Smith then thanked the Commission again for the work they are doing on this issue.

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Chairman Kane then asked staff to review the incremental tax that would be required on an individual home to provide financing for this project based on debt issuances. The Commission then discussed the cost per taxpayer or homeowner for the project costs based on either a debt tax levy or an increase in the sales tax rate. Chairman Kane stated that the Commission's challenge was to find the best financing alternative that everyone would be on board with and that the Commission should revisit the issue and then deliver the recommendation to the Trustees so that an appropriate decision can be made for the November election. Chairman Kane then responded that the Village and the Commission had the ability to educate the voters, but not to advocate should the Village proceed with a sales tax referendum.

Commissioner Waldo stated it is important that the output of this process be a very simple, conservative and defensible analysis which shows the trustees and the electorate the per capita projected annual cost of either approach. Commissioner Wagner stated that the Commission also needs to reflect on the impact to the Village's Budget without a sales tax increase, and how the budget would be affected if the various components of the Infrastructure Master Plan were paid for on a piece meal basis. What would the trade offs be if additional funding sources are not available and the residents still desire a road program. The Commissioners then discussed the reality that the voters may hold the belief that the Village has more than enough funds on hand to pay for a viable road program. Commissioner Waldo then discussed the impact that the Strategic Plan (Hinsdale 2025) may have had on this understanding. Chairman Kane stated that one of the Commission's goals has been to communicate to the Community and to convince them that the finances of the Village's are being well managed and that there is no pool of available money to take care of the streets. Chairman Kane then discussed the possibility of any type of referendum taking a couple of times to pass—that it took three or four for the School District referendum to pass—and that this may occur in order for the message to finally take hold. Chairman Kane asked staff to develop the following information for the next meeting: Can the \$1.4 million dollar sales tax increase be quantified in terms of an annual property tax extended to a home with a market value of \$1 million. Also, can the 1% sales tax increase be quantified to an individual Hinsdalean household? After some discussion it was calculated that this amount works out to be \$100.00 per household.

Chairman Kane also asked for some information regarding impact fees, in particular, what fees are charged by the Village including the amount the Village charges a contractor who cuts into the roads.

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**Discussion of 2008-09 Performance Budget**

Chairman Kane then asked for a presentation on the Budget by Village staff. Staff was asked to look at the final budget relative to the previous budget and review the changes. Staff began the discussion by reviewing the recommendations of the Finance Commission and how they were implemented into the budget. Commissioner Wagner asked about the motion as it was approved by the Board and how the amounts in the motion reconciled to the Budget document. Mr. Cooper was unable to reconcile the two at the moment, but stated that the motion was appropriate and he would inform the Commission of the reconciliation. Chairman Kane stated that based upon the approved budget, the Village has set a reserve level of 19% in the Village's Corporate Fund. Commissioner Waldo asked how the Corporate Fund revenues had increased from the original budget to the revised budget. Commissioner Aggarwal noted that the reconciliation of revenues was included in the budget document under tab 1. The increase in revenues was due mainly to the fire truck transaction which was originally estimated to be a 2008 fiscal year transaction but will actually occur in fiscal year 2009. Chairman Kane reasoned that if the fire truck loan proceeds were actually pushed off to the fiscal year 2009, there should be a corresponding drop in estimated revenues for the fiscal year 2008. Mr. Cooper stated that there was a revenue adjustment recording a surplus amount in the Village's Intergovernmental Benefit Cooperative as well as a recording of uncollected bond monies which offset the adjustment of the fire truck loan proceeds for the fiscal year 2008.

Chairman Kane then talked about the meeting held early April with Commissioner Savickas, himself, President Woerner, Trustee Orlor, Village Manager Cook and Doug Cooper regarding the Corporate Fund reserve level being set at 20%. He stated that it was agreed that the 20% reserve level originally discussed may be too aggressive and that the 19% level was agreed upon by all parties as an acceptable level. He addressed the Finance Commission recommendation that the Board would adhere to the budget that was being passed especially in the area of discretionary spending, and that the wording in the final budget approval motion was based on a draft initiated by Commissioner Savickas and word-smithed by staff and the trustees with and was an acknowledgement by every one that the budget would be monitored month by month throughout the year and that the Village Manager would take responsibility for the budget and continue to maintain a 19% reserve level as budgeted. He stated that the Commission will be monitoring the financial statements of the Village and indicating concerns that arise throughout the year.

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Commissioner Vernick stated that it would be helpful if Mr. Cooper could come in prepared to address variances that arise and help the commission to better understand the financial statements of the Village to determine why there may be particular variances. Commissioner Wagner also stated that if the estimated amounts could be reviewed and adjusted on a monthly basis it would be much more beneficial to both the Commission and the Village. Mr. Cooper stated that the statements will be reformatted to include a detailed analysis of the monthly activity for the Village.

Commissioner Waldo then discussed seasonal nature of the Village's financial activity, specifically comparing January to February. So that even though there appears to be monthly changes in the actual surplus, the year end forecast has not changed. Mr. Cooper stated that he has previously focused on the financial condition of the Village at year end, as opposed to a solid focus on monthly trends. The Village is reworking its reporting to include a more detailed monthly analysis which would inform the Commission of where the Village is trending in comparison to staff's estimates.

**Other Items**

Mr. Cooper asked if the Commission would be willing to consider changing the date of its regularly scheduled meeting from the first Thursday of the month to the last Thursday of the month which would allow the Commission a chance to review the Treasurer's report prior to the monthly ACA meeting. After some discussion, it was decided the June meeting would be rescheduled to June 12<sup>th</sup>, and that staff would prepare a schedule showing a comparison of the current Commission meeting schedule and a possible revised meeting schedule.

**Adjournment**

Since there was no further business to come before the Commission, it was moved to adjourn the meeting. The motion was seconded and passed.

Respectfully Submitted:

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Douglas E. Cooper  
Assistant Village Manager/Director of Administration