

**Village of Hinsdale
Finance Commission
Minutes of Meeting on September 4, 2008**

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

Members Absent: Commissioner Savickas

Staff Present: Doug Cooper, Director of Finance and Shaun Pelletier, Village Engineer

Others Present Mr. Jeffry Ziegler, Benes and Associates, and Resident Mr. Chris Elder

Meeting Called to Order at 7:33 pm.

Approval of Minutes

Chairman Kane asked for a motion to approve the minutes of the July 24, 2008 Finance Commission meeting. Commissioner Wagner moved for approval which was seconded by Commissioner Jurgenson. Chairman Kane asked for any discussion on the minutes as presented. There were no comments and the minutes were unanimously approved.

Infrastructure Master Plan

Chairman Kane asked Mr. Cooper to begin discussion on the Infrastructure Master Plan. Mr. Cooper introduced Shaun Pelletier, Village Engineer, as well as Jeffrey Ziegler from Benes and Associates. Mr. Cooper summarized the current Infrastructure Master Plan which currently amounts to \$66,110,000. He summarized the costs of the Woodlands Project, the Storm Water Master Plan and the Street Lighting. He then discussed the values related to the Road Program and the Underground Utility work. He stated that related cost for these projects were to bring the roads in the Village from a “fair”, “poor” or “failed” condition to an “excellent” or “good” condition. He then summarized what the underground utility work entailed and the overall cost of this work. He stressed that work addressed in the Storm Water Master Plan was not duplicated in the cost reported as part of the Underground Utility Program. Chairman Kane asked for clarification regarding the underground utility work. Would the work performed for both the Underground Utility Program and the Storm Water Master Plan be performed in areas where

**Village of Hinsdale
Finance Commission
Minutes of Meeting On
September 4, 2008**

roads are not being reconstructed? Mr. Pelletier indicated that both the underground utility work as well as the Storm Water Master Plan work would be coordinated with the Road Projects. Commissioner Aggarwal then asked if there was additional work on the underground utility which would be done outside of the projects listed on the Infrastructure Master Plan schedule. Mr. Pelletier indicated that there were costs related to underground utilities which were not included in the plan, but these were in areas where the road projects were not going to occur. These costs were related to ongoing maintenance and repair for system utility that are not included within the Road Projects listed under the Infrastructure Master Plan.

Commissioner Jurgenson then inquired about the Woodlands Project and the current status of this plan. The Commission then discussed the Woodlands Project and the proportional share of the cost which may be assumed by the residents. Staff responded that this has only been discussed at the meeting level. There is currently a question of financing and how the Village will proceed, but there has been no firm movement in this particular project by the Village. Chairman Kane stated that the project should be included in this plan because somewhere over the next twenty years, this project will certainly be addressed by the Board.

Chairman Kane then addressed the Road Program again by asking if the Underground Utility Work would be completed only as the related roads were being reconstructed. Staff responded that yes, the cost on the plan is related to the road program—the work would be done hand in hand. Chairman Kane then asked what percentages of the streets are encompassed in this plan. Staff responded that approximately 36% of the roads are covered in this plan, which includes the Woodlands. The utility work anticipated being done would be only those sections which related to the road work. There was some discussion regarding the utility work and what the total cost village wide would be to make repairs to all noted system problems. Mr. Pelletier responded that the total cost is approximately \$54 million dollars system wide. Chairman Kane asked if there was an immediate need to address all of these repairs as soon as possible. Staff indicated that generally there is an amount budgeted on an annual basis for the repairs to water mains and sewer lines in the amount of \$300,000 to \$500,000. Staff also stated that there are programs in place which identify those areas which need attention, including a leak detection survey, and televising of sewer lines.

Commissioner Vernick asked if staff felt comfortable with the plan as far as the planned scheduled work—would the Village still be in reasonable shape over the next twenty years. Staff responded that as far as roads are concerned, the plan addresses the replacement needs, but it still leaves open the maintenance issues.

**Village of Hinsdale
Finance Commission
Minutes of Meeting On
September 4, 2008**

In effect, the Village will be back in the same position twenty years from now. In regards to the underground utilities, the Village is in a position to address the necessary replacement as the roads are being reconstructed. The other portion will be addressed through the annual maintenance program.

The Commission then discussed the issue of maintenance. The Commission was also concerned that all the major projects were included in this plan. Chairman Kane stated that the goal of this project was to bring the infrastructure up to par. In seven years would the Village suddenly discover that something had been overlooked that needs to be suddenly addressed. Mr. Ziegler discussed maintenance costs related to the current condition of a street in order to prevent deterioration of the streets to a failed condition. For every dollar not spent on the maintenance now relates to a multiplied number further on down the life of the road.

Commissioner Waldo asked what percentage of the roads currently in the excellent to good condition would degrade to good to poor over the life of the infrastructure plan that is under consideration. Staff responded that the excellent to good streets would probably drop to the fair condition, and that the fair streets would drop to poor to failed condition. Commissioner Waldo then asked if there was a sufficient allowance in the plan to allow for a reasonable reserve level to support a maintenance program. Staff responded that there probably is not enough dollars to support a solid maintenance program. The Commission discussed this issue and with the input of Mr. Ziegler, it was determined that there would be a need for more funding on maintenance than was currently available under the plan. Chairman Kane stated that it appears as though the Village will never get to a point where there are no roads in the poor to failed condition. He stated that realistically a plan can be developed which will get the Village on a track to address the current condition of the roads and move towards a better position. Mr. Ziegler stated that it appears as though the plan is really to develop a better service level to its residents, and the plan as it is currently stated puts the Village on this track. The plan does not include those maintenance dollars which are required to keep all the roads above the "poor" level. So, even though the plan does not meet the entire needs of the Village in relation to maintaining 100% of the roads in the Excellent, Good and Fair condition, given the resources which can be made available to the Village, this is a viable plan.

Commissioner Kushner then asked about inflationary pressures on the plan. Mr. Ziegler stated that recently, there have been some significant construction escalations. For instance, construction costs according to an E N R news record which tracks construction cost indexes, the most recent inflation factor in construction costs was 6.3%. The Commission then discussed the 15% contingency

**Village of Hinsdale
Finance Commission
Minutes of Meeting On
September 4, 2008**

which was built into the plan for cost overruns and other unanticipated costs relative to the project. It was felt that the contingency really did not reflect any additional inflationary costs.

From the audience, Mr. Elder asked a question regarding the expenditure of any non-home rule sales tax increase and how it would be accounted for. Mr. Cooper stated that the funds are required to be expended for infrastructure purposes only. When the funds are received by the Village, the funds will be deposited directly into the Road Improvement Fund. Chairman Kane stated that there are mechanisms in place to help ensure that entire funding for the program will be properly expended.

Sales Tax Referendum Discussion

Staff reported on the FAQ regarding the sales tax referendum which is going to be distributed by mail very shortly. He also reviewed the educational process currently being developed by staff.

July 2008 Treasurer's Report

Mr. Cooper presented the July 2008 Treasurer's report highlighting certain revenue items as well as a departmental expenditure status. He explained that each department head discussed their respective departmental expenditures through the month of July and has been made aware of where there are concerns in both revenue and expenditures.

Commissioner Kushner asked why permit revenues have not been reflected at a lower estimate. Mr. Cooper responded that staff kept the permit revenues to a 20% reduction based on the possibility of future permit revenue receipts from some material commercial developments which have not yet been realized. It is hoped that these developments will be in motion towards the last quarter of the fiscal year.

Staff then discussed the status of the road salt contract and the budget variance which will occur as a result of the commitment the Village will be required to make to this plan. As it currently stands, the Village will be required to commit \$113,000 for Road Salt; the Village budgeted \$60,000. In order to address this overage, Public Services is looking to decrease costs in other areas. This will be discussed at the next EPS Committee.

**Village of Hinsdale
Finance Commission
Minutes of Meeting On
September 4, 2008**

Commissioner Waldo asked about the Food and Beverage tax and what was built into the Budget. Staff responded that the Village had budgeted \$264,000 for Food and Beverage Receipts.

Adjournment

Chairman Kane asked that the discussion on both the street cuts and the Village investment options be postponed to the next meeting. The Commission concurred.

Since there was no further business to come before the Commission, it was moved to adjourn the meeting. The motion was seconded and passed and the meeting adjourned at 8:57 p.m.

Respectfully Submitted:

Douglas E. Cooper
Director of Finance