

**Village of Hinsdale  
Finance Commission  
Minutes of Meeting on July 24, 2008**

Members Present: Chairman Kane, Commissioners Bauschard, Savickas, Vernick, and Wagner

Members Absent: Commissioner Aggarwal, Kushner, Jurgenson and Waldo

Staff Present: Doug Cooper, Director of Finance

Others Present None

Meeting Called to Order at 7:30 pm.

**Approval of Minutes**

Chairman Kane asked for a motion to approve the minutes of the June 26, 2008 Finance Commission meeting. Commissioner Savickas moved for approval which was seconded by Commissioner Wagner. Chairman Kane asked if there was any discussion on the minutes as presented. There were no comments and the minutes were unanimously approved.

**Review and Discussion of the June 2008 Treasurer's Report**

Chairman Kane stated that the Treasurer's report was consistent with the previous month's report. Mr. Cooper stated that income taxes are still holding at 9% above previous year's receipts. Sales taxes receipts are still approximately 1.9% above previous year's receipts which is slightly above projections. Mr. Cooper discussed building permit revenues and the adjustment to estimated revenues for this particular account. Currently, on a straight-line basis over the fiscal year, building permit revenues are approximately 36% below budgeted revenues. In order to reflect this, staff reduced the estimated amount of permit receipts by 10%, or \$146,000. Also staff reviewed the actual interest income to date as compared to budget and reduced this amount by \$88,000. The current economic environment is not supporting the rate originally used in the projection of this figure.

Mr. Cooper stated that when the July Treasurer's Report is completed, there will be an internal 1<sup>st</sup> quarter review with Village Department Heads to educate all parties as to where revenue shortfalls are, where potential additional revenues can be found, and where additional departmental expenditure cuts may need to be made.

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Mr. Cooper then went through the legal schedule displayed within the Treasurer's Report. He noted that the Village was currently below the estimated monthly budget.

Commissioner Bauschard asked about the labor contract the Village has with the Police Union and how that would affect the bottom line. Mr. Cooper stated that the salary increase for the FOP was implemented into the Fiscal Year 2008/09 budget. Commissioner Wagner then asked about the fuel costs being higher than anticipated. Mr. Cooper stated that staff is aware of the higher than expected fuel costs, and that staff is being asked to find ways to reduce fuel costs. Commissioner Savickas asked if there was anywhere within the Treasurer's report where the reserve percentage was tracked. Mr. Cooper stated that he would incorporate this into future reports.

Chairman Kane stated that the majority of the Corporate Fund variance to budget is revenue related, and that he does not expect to see much variance in expenditures this early in the year. Chairman Kane then discussed the legal expenditures to date and wondered if there were any other items which could come into existence that staff was aware of at this time which would affect this line item. Staff responded that there are none apparent at this time. Commissioner Savickas asked if there were any current lawsuits which could be deemed as frivolous, and if the Village could recover its legal fees for these cases. Staff responded that the majority of these types of cases are handled through the Village's insurance company and the total exposure to the Village is capped at \$10,000 per case. Any cases that go through the Village attorney or other outside counsel are generally determined to be serious, and for the most part are zoning issues which are not handled directly by the Village's insurance company.

The Committee then discussed the budget variance through June 30 as it relates to the contingency amount of \$430,000. Staff reported that all of the current revenue and expenditure variances noted will be taken into account in the fall when staff decides where expenditure cuts will be made, as well as which of the \$297,000 in deferred projects will be slated for continuation and which will be eliminated in the current budget year.

The Commission then discussed how Village staff and the Village Board are involved in the overall process of budget comparisons and the knowledge of where the Village stands financially at any given time. The fact that all parties are involved is making great strides over where the Village had been previously. Commissioner Wagner then discussed the possibility of examining ways to increase pool pass sales in future years. The Commission then discussed the possibility of

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setting up the Pool as an enterprise fund. Staff stated that the pool is not a money making venture and needs additional funding to maintain its operations. Commissioner Bauschard then discussed Pension Fund Liability and how pension funds in the state of Illinois are under funded. The impact of the funding of the pension funds on the Village's overall financial picture was also discussed.

**Street Cuts**

Chairman Kane stated that he mentioned this to the ACA Committee and they were receptive, but they suggested a more objective proposal. He stated that there was no urgency at this time, but it should be continued to be looked at for a resolution. Commissioner Wagner stated that it was important to perform a comparison with other local communities and how they are addressing this issue. Staff was asked to compare to Downers Grove, Western Springs, Clarendon Hills and Winnetka. Chairman Kane restated his belief that it was probably best for the Village to take over this portion of the work so that the repair could be done to the Village's specifications. Mr. Cooper then discussed the use of "Flow-fill" material to help alleviate the settling issue. Commissioner Bauschard stated that it still depends on the contractor's workmanship to get the hole properly repaired. Chairman Kane stated that the idea is to get the repair to the standard of the current road, and it obviously is not. Chairman Kane then asked if the Village could get a cost proposal to repair one of the street cut-ins.

**Village Infrastructure Master Plan**

Mr. Cooper discussed the changes and clarifications which were made to the Infrastructure Master Plan as a result of the discussions at the June 26 meeting. He stated that the numbers reflected in the plan have now had the escalation factor removed (the previous numbers had a 7% inflationary factor added to cost). The revised total of the plan amounts to \$66,110,771. Mr. Cooper stated the major components presented before remained, but the sewer component was now broken into three distinct pieces-the Woodlands Drainage, Storm Water Drainage Plan, and the necessary underground utility work (watermain and sanitary/storm water system). The revised numbers were based on information provided by the engineering staff of the Village. Chairman Kane asked why the cost went down for the underground utility. Mr. Cooper explained that the new cost related to the underground work which was being performed on roads which were being completely reconstructed as opposed to the entire system. Chairman Kane then asked why the Road Program cost was reduced by \$7.8 million. Mr. Cooper explained that the road program cost was calculated by the engineering department. The original \$30 million dollar cost was based on other assumptions

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that the engineering department had made at that time. The revised calculations for the cost of resurfacing and reconstruction were based on specific roads-length and material multiplied by cost. This was probably a more accurate number. Commissioner Bauschard then asked about the Woodlands, and whether the portion of the cost intended to be financed by the residents was incorporated into the plan. Mr. Cooper stated that the plan included only the cost for the Village which was assumed to be 60% of the total \$20 million dollar cost of the project, or \$12 million dollars.

The Commission then discussed the inflationary or escalation factor being utilized in the plan. Chairman Kane stated that all elements in the plan, both revenue and cost, would be subject to the same inflationary factors, and that over the 15 to 20 year length of the plan, the expenses should be going up at the same rate as the revenue base. Commissioner Vernick agreed to that point, but stated that the 2% inflationary factor provided a conservative viewpoint. Commissioner Savickas stated that what the plan shows is that we need the \$3.5 million a year to get the plan accomplished over a twenty year period—this is the real point of the plan. Chairman Kane asked if the cost of contingency and engineering fees were built into the plan. Mr. Cooper stated that both components were built into the rates used to derive the final numbers for the road program, the drainage program, and the underground utility work. The street lighting program set at \$4 million dollars does not have any of those components—it is a value based on the number of lights multiplied by the cost of the light and the labor necessary to install those lights.

Chairman Kane then asked for some clarification of the Storm Water Master Plan and how that differed from the Underground Utility Work. Mr. Cooper stated that the separation of sewer was distinct from the underground utility work. Sewer separation is included within the Storm Water Master Plan only. The underground utility work included replacement of the current system without separation. Commissioner Vernick stated that practically speaking, any storm water master plan work or underground utility work would be performed only in connection with the road program. The Commission then discussed the plan as it relates to the Flagg Creek Sanitary District issues. Chairman Kane felt that it was important that the plan include addressing the flooding problems within the Village. Chairman Kane then stated that it is important to inform the Village residents what they will be getting if the sales tax referendum passes.

The Commission then discussed the preliminary storm water plan for the Village as drafted by the engineering firm of Clark Dietz. Discussion centered on the three phases of the plan and the ultimate cost to the Village and whether these costs were included in the \$66 million dollar plan. Mr. Cooper explained that the cost of this

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plan was incorporated into the overall infrastructure plan, and that it was separate from the underground utility costs.

Mr. Kane asked if there were any road maps available which indicated what the proposed plan was for the road improvements. Mr. Cooper showed the Commission the street maps which were used to develop the road program and its costs. Mr. Cooper reiterated that the maps were used as a guideline to develop the plan and derive the costs. The road program for reconstruction and resurfacing were not set in stone and would probably change annually based on the situation at hand.

The Commission then discussed the true meaning of the term “underground utility” as it is used in this plan. It was clarified that the plan did not include the burial of the Village’s underground utility—that the underground utility related only to water mains and storm water and sanitary sewer lines.

Chairman Kane felt that at this time he does not feel he has a solid understanding of the project costs. He is concerned that the original \$31 million dollar cost is now down to \$23 million. Commissioner Vernick felt that with a project of this magnitude, a second opinion on the overall cost should be obtained. Chairman Kane stated that currently the numbers are a reflection of the Village engineer’s opinion. The Commission requested that Village staff obtain an outside opinion of these costs. Chairman Kane stated that what we also need is some accountability on these numbers. He remains concerned that there are too many variations in the numbers every time the plan is reviewed. The Woodlands is a good example of this. Are the numbers we are using the most accurate numbers available.

The Commission requested that staff find an individual to review the assumptions and results of the numbers that have been provided.

**Village Investment Options**

The Chairman requested that this item be postponed for future discussion. The Commission concurred.

**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 and the meeting adjourned at 9:16 pm.

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Respectfully Submitted:

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Douglas E. Cooper  
Director of Finance