

**Village of Hinsdale
Finance Commission
Minutes of the Special Meeting on November 17, 2011**

Members Present: Chairman Hughes, Commissioners Rose, Morris, Kushner, Waldo and Maali

Members Absent: Commissioner Posthuma

Staff Present: Darrell Langlois, Assistant Village Manager

Others Present: Trustee Geoga

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

Approval of Minutes

Chairman Hughes asked for a motion to approve the minutes of the September 1, 2011 Commission meeting. Commissioner Morris motioned for the approval of the minutes for the September 1, 2011 meeting, Commissioner Maali seconded. Motion passed.

Agenda Items

Review and Discussion of the September, 2011 Treasurer's Report

Mr. Langlois presented the Treasurer's report. Base Sales Tax receipts for September increased by 0.4% and increased 0.7% for October. This marks the twenty-third consecutive monthly increase since posting an average monthly decline of 13% for the previous twelve months. Year-to-date base sales tax receipts for the first six months have increased by 5.1%. This variance is favorable when compared to budget as this revenue source was projected to increase 4% in the FY 2011-12 Budget. Total Sales Tax receipts for the first six months of the fiscal year total \$1,339,480, an increase of 5.5%. Including the November amount, revenue for the first seven months was \$1,584,142, which is 6.9% over last year.

Mr. Langlois stated that the village has received two distributions of the new 1% Non-Home Rule Sales tax. The amount received for October was \$133,281, which is right on track with what the Village estimated during the referendum campaign.

Mr. Langlois reported that Income Tax revenue for the month of September decreased by \$3,217 and during October it increased by \$6,941. For the first six months of FY 2011-12 total income tax receipts are \$709,666, which is a decrease of \$1,295 from the prior year. This variance is unfavorable when compared to budget as an increase of 2% was assumed in the FY 2011-12 Budget.

Mr. Langlois reported that the State did not make an income tax payment in October but the state did pay on November 2. As of this writing the delay is still at three months. The State remains \$312,343 in arrears on payments owed to Hinsdale.

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Year to date Food and Beverage taxes earned for the first five months of the year total \$129,730, an increase of 11.5%. This variance is favorable when compared to budget as an increase of 2% was assumed in the FY 2011-12 Budget.

Mr. Langlois reported that property tax collections through September amount to \$4,904,673 which is approximately 85% of the Village's \$5.76 million tax levy. Combined Gas, Electric, Telecommunications, and Water Utility Taxes for September were \$198,214, which is 2.3% above previous year's receipts. Year to date utility tax collections are \$879,202, which is 0.2% below the prior year.

Building Permit revenue for September totaled \$99,714, which is 14.1% above the amount received during the same period last year. Year to date permit revenue is not comparable to the prior year due to the Village receiving significant non-recurring permit revenue from Hinsdale Hospital related to its expansion project in 2010. Year to date permit revenue is \$527,883, which is above the straight line budget allocation for this revenue source.

Mr. Langlois stated that through September most operating expenditures for all Departments are still well within budgetary expectations. Staff will continually monitor departmental expenditures, including overtime, and the Village Manager continues to stress the need for proper fiscal management by each department.

Total legal billings through September amount to \$87,891, which is tracking below budget for the first five months of the year. Of this amount, approximately \$27,000 is reimbursable from outside parties.

Water and sewer fees for the first five months of the year total \$2,554,446, which is a decrease of 6.3%. Although the year to date amount is below the prior year, the September billing for water and sewer was \$107,605 above 2010. Staff believes at least some of this positive variance is due to the replacement of stopped meters that are now generating the correct billing. Staff is aware that the quantity of water purchased from the Du Page Water Commission declined by 8.98% in August and 8.33% in September. This will likely have an impact on revenues in the forthcoming months and will have to be watched very closely.

Mr. Langlois reported that as we are now through the first five months of the year, staff has updated the estimated end of year amounts for a number of revenue accounts. On the expenditure side, staff has updated the estimates on most personnel accounts, gas and oil projections, and known savings on capital projects that have already been awarded. On a net basis, the end of year results project to an end of year surplus in the General Corporate Fund of \$216,325, which is greater than the amount assumed in the FY 2011-12 Budget.

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In order to address the expected increase of 90% over four years in the City of Chicago water rate and the need to pay back short-term borrowing of \$69 million due to its accounting and rate making errors, staff has received notice from the Du Page Water Commission of its intent to increase the rate by 30% on January 1, 2012 and subsequent increase of 20% in 2013, 18% in 2014, and 17% in 2015. For the initial 30% increase, this would require an increase in the Village's water rate of 10% to 12% if it is passed on to water customers. There was general discussion with the Commission members and Mr. Langlois on water rates and proposed increases. The Commission reached consensus that their recommendation would be that 100% of the water rate increase proposed by the DWC should be passed on to Hinsdale rate payers.

Mr Langlois noted that bonds were sold on November 8 at an average rate of 2.177% that will be used to pay its early retirement liability with IMRF. The low bid was to Hinsdale Bank and Trust, and the expected saving are approximately \$409,000 over the next seven years. Mr Langlois also reported on the implementation of a 30% slow meter surcharge to partially recoup under billing from stopped water meters. The SSA for the Woodland area is moving forward. Discussions have started with Clarendon Hills regarding the possibility of consolidating police departments.

Discussion of the Infrastructure Plan and Subsequent Bid Results

Mr. Langlois reported that four major projects have gone through the bid process since the adoption of the Plan two years ago. Of the four, three were under budget and one was over budget due to receipt of federal money resulting in an expanded scope. The market place has been favorable on the pricing side, and the assumptions used in the plan are doing a pretty good job on conservatively estimating project cost.

There was general discussion regarding the pricing variances encountered on the two resurfacing projects as well as the Chestnut Street project.

Mr. Langlois reviewed a 15 year revenue and expense projection for infrastructure improvements that was based on a compromise by the Village board that was done in conjunction with moving forward on the Woodlands project. The Board has agreed to borrow up to \$10 million for infrastructure improvements, with \$5 million of bonds likely to be sold during 2012. There was discussion on the plan and financing sources. Chairman Hughes requested that future reporting includes miles of roads constructed in order to better understand how much work is getting done.

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New Business

Village staff is seeking direction from the Finance Commission whether it would be desirable to consider increasing its self-insured deductible. The base deductible is \$2,500; the Village has currently opted for a deductible of \$10,000, which generated premium savings over the base rate. At the current level, we save \$47,000 over the base rate. There is an option to increase the deductible to \$25,000, which would save approximately \$99,000 over the base rate; increasing the deductible to \$50,000 would save \$146,000 over the base rate. Although there is premium savings at all of these levels, it is expected that our deductible costs would increase as well. The Commission reviewed five year trend information and the cost/benefits at each deductible level. The consensus of the Commission was that increasing the deductible up to \$50,000 should be considered, and that most of the savings should be reserved for claim costs.

Adjournment

As there was no further business to come before the Commission, Commissioner Morris moved to adjourn the meeting, seconded by Commissioner Waldo. The meeting was adjourned at 8:40 p.m.

Respectfully Submitted:

Darrell Langlois
Assistant Village Manager