

VILLAGE OF HINSDALE
Finance Commission
Minutes of the Meeting March 14, 2013

Chairman Hughes called the meeting of the Finance Commission to order in the Board Room of the Memorial Building on March 14, 2013 at 7:30 PM.

Members Present: Chairman Hughes, Commissioners Balzekas, Maali, Morris, Posthuma, and Waldo

Staff Present: Darrell Langlois, Assistant Village Manager; Dave Cook, Village Manager and Chris Webber, Assistant Finance Director

Also Present: Trustees Doug Geoga and Chris Elder

Approval of Minutes – December 20, 2012

Commissioner Morris moved approval of the minutes. Due to the late distribution of the minutes approval was deferred to the next meeting.

Review and Discussion of the January 2013 Treasurer's Report

Mr. Langlois presented the January 2013 Treasurer's Report. This report covers the ninth month of the 2012-13 fiscal year.

Mr. Langlois reported that Base Sales Tax receipts for the month of January decreased by \$15,000, for February increased by \$64,000 and increased \$13,500 for March. Total Sales Tax receipts for the first eleven months of the fiscal year amount to \$2,750,000, an increase of 6.1%.

Mr. Langlois reported that Income Tax revenue for the month of January was up \$13,300 and for February had increased by \$19,000. Total Income Tax receipts for the first ten months of FY 2012-13 total \$1,270,000. The State still remains three months or \$382,000 behind the normal payment schedule.

Mr. Langlois reported that Building Permit revenues for January were \$134,012, an increase of \$79,426 above the prior year. Year to date permit revenue is \$873,613, which is an increase of \$10,063 from the prior year.

Mr. Langlois reported that in conjunction with the ongoing budget process for FY 2013-14, staff has now comprehensively updated the estimated end of year amounts for all budget line items in the General Corporate Fund and Water Fund. On a net basis, the end of year results project to an end of year operating surplus in the General Corporate Fund of \$1,068,877 which is \$1,068,248 greater than the amount assumed in the FY 2012-13 Budget. The proposed FY 2013-14 Budget will recommend a number of year end transfers as well as discretionary pension contributions.

Mr. Langlois noted that bonds were sold in March for the library that will refinance its 2006 Bond Issue. Consistent with past practice, in January two of the Finance commission members met with the auditors along with Trustee Elder. Commissioner Balzekas commented on the meeting and had a favorable report.

Chairman Hughes asked about the volatility of the sales tax in the last few months. Mr. Langlois explained some possible reasons for the variance it.

Review and Discussion of Draft FY 2013-14 Budget

Chairman Hughes asked Trustee Geoga to highlight the summary budget presentation that was distributed in advance of the meeting. Trustee Geoga explained the slide that summarizes the General Corporate Fund (Schedule 3 as found in the budget book). There is a surplus of money to be allocated from FY 2013. It is suggested that the funds be used for:

- \$75,000 to each of the police and fire pension funds
- \$150,000 transferred to the Departmental non-infrastructure capital fund
- \$500,000 for water main repair
- \$600,000 transferred to the MIP (above the budgeted amount of \$1.3 million)

Trustee Geoga stated that the ending General Fund fund balance would be around \$4.2 million. He also stated that the Corporate Fund would still be at least 25%. Commissioner Waldo asked Trustee Geoga about the projections for the Corporate Fund reserve fund and the unreserved fund balance would be around 28%.

Trustee Geoga asked the Commission to look at slide 19 for the schedule to the MIP. Reconstruction, resurfacing, the Woodlands and a maintenance allowance \$300,000 will result in a total of \$7 million being spent on deteriorating infrastructure. Grant money is being used for the Oak Street bridge project. Water meter replacement is being done in conjunction with the water electronic reading system.

Page 20 shows the funding sources for MIP and major project expenditures. Funding is expected to come from General Fund transfers, Motor Fuel Tax, non-home rule sales and utility taxes, bond proceeds, grants, and projected operating water department profits. Trustee Geoga explained the major expenditures from the presentation.

The Departmental Capital budget is based on the five year plan that has already been reviewed by the Finance Commission. Trustee Geoga commented on some of the larger budgeted item including the replacement fire engine. The police department follows a policy that regular cars be replaced at 85,000 miles. They have four cars that have above that mileage. Fleet cars are used for detectives with most being purchased with drug seizure money approximately two years ago. The supervisor car is in continuous use because of special equipment and needs more frequent replacement.

Chairman Hughes asked about the vehicles purchased with the drug money. Mr. Cook stated that they were replacement vehicles and the number of cars in the fleet decreased by one vehicle. Chairman Hughes asked if the sale of the vehicles is accounted for in the budget. Mr. Langlois stated that it is not in the budget and is surplus money depending on the bidding of the truck. Mr. Langlois stated that they probably only about a \$5,000 value at auction.

Mr. Langlois explained that a comprehensive listing of departmental capital items is on Schedule 4 in the budget book. Commissioner Waldo asked about the funds for the resurfacing of the pool parking lot. Mr. Cook stated that the useful life of the parking lot is about 10 years. The capital amount for the pool is around \$100,000.

Trustee Geoga explained the revenue side of the budget. Revenue assumptions have been reviewed by the Finance Commission in December and are in line with inflation. Expenses for the pool are about \$20,000 more than expected revenues.

Trustee Geoga stated that there are village employees that are subject to collective bargaining and the budget assumes a 2% cost of living adjustment for the non-union employees. There will be collective bargaining with the Police Department patrol officers this year. Public Services employee head count is lower by one employee in order to offset the cost of increasing the work week to 40 hours instead of 37.5 that had been in effect since 2009.

Trustee Geoga explained the budget assumptions regarding health insurance, legal expenses and contingency costs. The budget includes a contingency amount of \$100,000 in order to have funding for unforeseen items.

Chairman Hughes commented about the contingency surplus. Commissioner Waldo stated that he believes that this budget is on track. Chairman Hughes commented on personnel costs and asked about the reduction of public services head count. Mr. Langlois stated that the shared police services talks with Clarendon Hills have ended due primarily to social security coverage issues.

Chairman Hughes questioned the police salary and wages and asked about the police contract that is coming up. Mr. Cook stated that the contract expires April 30th. The eventual contract settlement is influenced by pay practices in other communities and should be no more expensive than the cost of living adjustment that was negotiated with Public Services employees.

Commissioner Morris thanked Trustee Geoga for his service on the Board. He asked about the salary and wages and that it seemed that they went up more than inflation. Trustee Geoga explained that some are a combination of cost of living and merit increases for those employees not at the top of their pay grade. Mr. Langlois commented that salaries and wages are up \$124,000 which is 1.72% over the prior year. Mr. Langlois stated that overall costs, including pensions, are up \$255,000.

Mr. Langlois explained that there are personnel shifts in various public service programs and there can be changes to insurance as a result from marriages etc. In addition to cost of living increases, the impact of the increase in hours for Public Services employees affects the program costs.

Chairman Hughes asked about the general budget for the Parks and Recreation Department. The personnel cost estimates for this year were below budget and next year's budget is higher than current estimates. Mr. Langlois explained that the program

supervisor position was vacant for a few months and will be funded for the entire year in FY 2014. Each program is expected to be under budget and the biggest area in the operating area is personnel. Mr. Langlois also noted that the scope for capital outlay has been increased to \$10,000 so that now a number of budget items are included in materials and supplies accounts whereas in the past they were accounted for in capital outlay accounts. This change has distorted the comparability of some of the category data. Mr. Langlois stated that he has had extensive discussions with the Parks and Rec director and most of the items are relatively flat.

Trustee Geoga stated that the biggest difference between current year estimates and next year's budget is when there is a vacant position. Trustee Geoga stated that the only revenue source for the Park and Recreation Department is user fees and we are trying to increase the amount of user fees paid for the activities. Trustee Geoga stated that efforts continue to find ways to utilize the Lodge more effectively. Pool rates have been adjusted for private rentals and swim teams. Commissioner Waldo stated that the pool is operating cash flow neutral.

The Commission noted that there is a more competitive fee structure in place for KLM and is close to breaking even. Chairman Hughes stated both the pool and KLM are both close to breaking even and the parks can't be neglected. Mr. Cook stated that maintaining the parks cost about \$1 million per year. Chairman Hughes stated that he feels the paddle tennis program should be considered a different service for revenue purposes. Trustee Geoga stated that the report shows the expenses of all the elements. There is some operating surplus with the paddle tennis program that is being applied to the court debt.

Trustee Geoga commented on the amount still owed by HPTA and how they still want to sell lifetime memberships to offset that expense. The agreement was that if surplus funds are available that it would go toward the court debt. There was expectation that there would be more users and there have been more league players.

The Commission commented that the KLM Lodge is an underutilized asset. Mr. Langlois stated that the revenue and usage is reported regularly to the ACA committee.

There was discussion regarding the Capital Fund Balance. Mr. Cook explained why the Christmas lights budget was increased. There was discussion regarding the bonds for debt services. Chairman Hughes commended staff and Trustee Geoga for their work on the budget. Trustee Geoga stated that it is ultimately the elected board members that make the final decisions. Chairman Hughes confirmed the issues for the budget and the Commission was in favor of its adoption.

New Business

Chairman Hughes commented on the revision to the village code regarding having 7 members on the Commission instead of nine in order to have a quorum. The Finance Commission is seven years old and the original Commission had nine members. The Commission reviews draft budget and looks at the financials and receive them monthly.

There was discussion among the Commission regarding having meetings quarterly rather than monthly. The Commission requested that Tim Scott be asked to attend a future meeting for an update on Economic Development activities.

Adjournment

As there was no further business to come before the Commission, Trustee Morris motioned to adjourn. Trustee Waldo seconded and the motion passed unanimously. The meeting was adjourned at 9:20 P.M.

Respectfully Submitted:

Darrell Langlois
Assistant Village Manager/Director of Finance