

**MINUTES OF A SPECIAL COMMITTEE OF THE WHOLE MEETING
OSWEGO VILLAGE PRESIDENT AND BOARD OF TRUSTEES
OSWEGO VILLAGE HALL
100 PARKERS MILL, OSWEGO, ILLINOIS
March 3, 2018**

CALL TO ORDER

President Gail E. Johnson called the meeting to order at 9:02 a.m.

ROLL CALL

Physically Present: President Gail Johnson and Trustees Ryan Kauffman (attended at 9:07 a.m.), Karin McCarthy-Lange, Luis Perez, and Joe West.

Absent: Trustee Pam Parr and Judy Sollinger.

Staff Present: Dan Di Santo, Village Administrator; Christina Burns, AVA/HR Director; Tina Touchette, Village Clerk; Jennifer Hughes, Public Works Director; Jeff Burgner, Police Chief; Mark Horton, Finance Director; Corinna Cole, Economic Development Director; Joe Renzetti, IT/GIS Manager; Billie Robinson, Asst. Finance Director and Annie Callahan, Purchasing Manager.

CONSIDERATION OF AND POSSIBLE ACTIONS ON-ANY REQUESTS FOR ELECTRONIC PARTICIPATION IN MEETING

There was no one who participated electronically.

PUBLIC FORUM

Public Forum was opened at 9:02 a.m. There was no else one who requested to speak; the Public Forum was closed at 9:02 a.m.

OLD BUSINESS

There was no Old Business.

NEW BUSINESS

F.1. Review the Capital Improvement Plan Years 2019-2038 and Fiscal Year 2019 Draft Village Budget.

Director Horton addressed the Board regarding the Capital Improvement Plan (CIP) and draft Budget.

CIP

- \$96 million in listed projects in the next five years
- \$13 million in projects in FY19
 - ERP implementation= \$150,000
 - Police Headquarters construction= \$8,000,000
 - Annual road program= \$75,000
 - ✓ Standalone projects
 - Wolf's Crossing segment one; phase 2 & 3 engineering= \$150,000
 - ✓ \$2.5 million from STP funding
 - ✓ Could be additional money out there once the Phase 1 study is completed
 - ✓ In competition with other taxing bodies for STP funding
 - Police squad car mobile computer upgrade= \$110,000
 - PD network switch & computer refresh= \$225,000
 - Village Hall camera monitoring system= \$35,000
 - Traffic signal & IDOT shared road improvements= \$242,000
 - ✓ Traffic signal at Galena/S. Concord= \$150,000; per annexation agreement, the Village splits the cost with the Village of Montgomery
 - ✓ US Highway 34 Village share of IDOT road construction= \$71,000

- ✓ Village's share of IDOT improvements- US 30 at Treasure Road= \$21,000
- Downtown road/parking improvements= \$1,444,607
 - ✓ Blocks 4 & 5 CIP= \$102,000
 - ✓ Blocks 4 & 5 W&S= \$53,000
 - ✓ Blocks 4 & 5 MFT= \$65,000
 - ✓ Block 11 (old Village Hall block) parking lot= \$300,000
 - ✓ Block 11 W&S= \$172,765
 - ✓ Block 11 CIP= \$751,842
 - ✓ Reimbursable through the TIF
 - ✓ Downtown roads are the worst roads; no curb and gutter
 - ✓ Replacing infrastructure during the paving
- Vehicle and equipment replacements= \$330,500
 - ✓ Replacement B&Z= \$27,040
 - ✓ Replacement- Police= \$136,460
 - ✓ Replacement- PW= \$150,000
 - ✓ Smart trailer= \$17,000
- Water & sewer capital improvements= \$2,416,350
 - ✓ Booster station #2 repairs= \$130,000
 - ✓ Engineering for sanitary lift station generators= \$75,000
 - ✓ Water meter & reader replacement= \$1,725,750
 - ✓ Water treatment facility-preliminary engineering & land acquisition= \$405,600
 - ✓ Sanitary sewer lining program= \$80,000

Draft Budget

Funding to provide for:

- Normal operations/personnel costs
- Shared Facilities Manager- full year
 - Cost split with the City of Yorkville; reimbursed
- \$13.2 million in capital improvements
 - \$10.8 million funded from bond proceeds and sales taxes
 - \$2.4 funded from water revenues
- \$4.4 million for debt service
- Regional positioning
- Special events
- Economic development
- ERP implementation
- TIF District development
- Water/sewer operations
- Garbage collection
- Vehicle replacement
- Pension contributions

Line item increases:

- Bi-annual community survey= \$25,000
- Code codification project= \$12,000
- Aurora Area Convention/Visitors Bureau= \$72,000
- PD cost of KenCom software upgrade= \$27,000
- PD dispatching cost increases= \$40,000
- Facility landscaping cost increases= \$36,700; new PD
- TIF public improvements= \$1,102,000
- Water & sewer fund

- Well maintenance increases= \$41,000
- Communication costs up= \$15,000
- Meter supplies up= \$12,000
- Police pension expenses up= \$261,000; due to new retirees; will be 11 in June

Line item decreases:

- VH and PD building maintenance expenses moved to PW budget
- PD fuel costs down= \$9,600
- PW snow removal costs down= \$20,000
- PW maintenance streets/storm sewers down= \$13,000
- PW tool expense down= \$6,500
- PW tree purchases down= \$40,000; EAB tree replacement; only spending \$100,000 now
- MFT Fund public improvements down= \$825,000
- Debt Service Fund debt payouts down= \$98,000
- Capital Improvement Fund expenses down= \$16 million
- Water & Sewer Fund engineering down \$112,000; expenses moved to Water & Sewer Capital Fund
- Water & Sewer Fund debt service payouts down= \$87,000

Overview

- Total revenues of \$38.5 million
 - Up 11% compared to current FY18 budget
 - ✓ Local Food & Beverage tax- \$700,000
 - ✓ Local MFT tax- \$720,000
 - ✓ Sales and Home Rule Sales Tax- up \$261,000
 - ✓ Income tax- up \$168,000; State of Illinois can take away
 - Total tax revenue of \$21 million is up
 - ✓ 62% of total revenue
 - ✓ General Fund- \$15.9 million; 75% of total tax revenues
 - ✓ Capital Improvement Fund- \$3.8 million
 - ✓ Motor Fuel Tax Fund- \$0.9 million
 - Charges for services- \$9.5 million; up 13% compared to FY18 budget
 - ✓ 28% of total revenue
 - ✓ Water & Sewer Fund- \$6.3 million; 66% of total
 - ✓ Garbage Collection Fund- \$2.5 million; 26% of total
 - ✓ Water rate revenue up \$1.6 million
 - Rate increases October 2017 and May 2018; supports water & sewer infrastructure
 - Other revenues- \$3.5 million; 10% of total revenue
 - ✓ License and permits
 - ✓ Franchise fees
 - ✓ Grants/intergovernmental
 - ✓ Donations/contributions
 - ✓ Fines and forfeitures
 - ✓ Interest; Police Pension fluctuates
 - Transfers up 12%
 - Less transfers of \$4.5 million
 - Net total revenues of \$34 million
- Total expenditures of \$47.2 million
 - Down 20% compared to current fiscal year
 - Personnel & benefits- \$14.9 million
 - Operating- \$8.8 million
 - Capital improvements of \$13.2 million; down 28%

- Less transfers- \$4.5 million; down 13%
- Net expenditures- \$42.7 million

Personnel

- Shared Facility Manager
- Staff count in last 5 years:
 - Village Hall down .25 full-time equivalents (FTE)
 - PD up two FTE
 - PW up 3.5 FTE
- Running lean with staff
- Salaries have increased in small increments
- Compensation; non-union
 - Increase salary ranges by CPI
 - ✓ 2.1% Dec.16-Dec. 17
 - Proposed merit-based wage budget of 3%
 - ✓ Based on national average wage increase
 - Maintain 1% bonus pool
 - ✓ Allocated to departments; successful program
 - Compensation study in advance of FY20 budget
 - ✓ Full study; benchmark wages
- Insurance and Benefits
 - Preliminary health insurance renewals higher than staff has seen in some time
 - ✓ Projected PPO increase of 12% to 14%
 - ✓ Projected HMO increase of 4% to 6%; majority of employees have
 - ✓ Projected dental increase of 0%
 - ✓ Final numbers in Spring
 - ✓ IPBC has been good for the Village
 - Anticipate good renewals for liability and workers comp
 - ✓ Calendar year renewal
 - Compensation study will also review full benefit package
 - ✓ Time-off, insurance program structure
- Two union agreements and Sergeants agreement expire 4/30/18
- Goal of aligning benefits across all groups
- Working conservatively with wages; outcome unknown at this time

Debt

- Total outstanding debt- \$67.8 million
 - \$30 million is for the new Police Headquarters
 - Principal- \$46.9 million
 - Interest- \$20.9 million
 - Six outstanding bond issues
 - Five refunding issuances
 - General supported- \$56.5 million (principal & interest)
 - Water revenue supported- \$11.2 million (principal & interest)
 - IEPA loan water supported- \$607,000
 - Years 2030-2038 is solely for the new Police Headquarters
 - Final maturity of December 2037

Operating

- Expenditures- \$8.8 million
 - Garbage collection- \$2.5 million
 - Professional services- \$965,000 in General Fund
 - ✓ Corporate, Community Relations, IT, Police- \$100,000 to \$190,000

- Contractual services
 - ✓ \$2.4 million in General Fund
 - Public Works- \$1.3 million
 - IT- \$536,000
 - Police- \$389,000
 - ✓ \$1.6 million in Water & Sewer Fund
 - Electricity and maintenance costs

Special Events

- Village has accounted for each event as its own entity
- Track beginning balance, revenue, expenses and ending balance
- New methodology; combine all into one account
 - Events become self-sustaining
 - Goal to not include special events budget in operations
- Ending balance as of 2/23/18= \$118,941.52

Special Events Program

The goal is to create a financially sustainable special event program with the aim of growing Village event offerings and other initiatives. The Village plans over the next two years to alter how it funds events as follows:

- Special events will no longer be budgeted from the General Fund on a per event cost basis
- Funds will be moved to an event-only restricted fund; both costs and revenues will be located in this fund
- Over time, all special events will be run out of this fund. In FY19, the Village will apply this to Wine on the Fox and Christmas Walk
- Increased profits from events will smooth the transfer of other events such as fireworks and the Village's contribution to Beats and Eats
- Village staff will propose a reserve policy to ensure the fund balance is protected against weather or other factors which could limit/prevent revenue
- Potential excess over the reserve amount could be contributed to other initiatives such as public art or downtown decorations

FY End 2019- % of Expenditures

- General- 42%
- Motor Fuel Tax- 316%
- Tax Increment Financing- (115%)
- Debt Service- 3%
- Capital Improvement- 17%
- Water and Sewer- 31%
- Water and Sewer Capital- 147%
- Garbage Collection- 19%
- Vehicle- 34%
- Police Pension- 3009%
 - Need to have funds per State statute

FY19 Budget Concerns

1. State Legislature
 - Property tax freeze
 - Income tax distribution change
 - MFT distributions
 - Cable franchise fees
2. Revenue growth

3. Expenditure growth; unsure of the operational costs after the new Police Headquarters opens
4. Approved capital projects; continue to research funding

Next Steps

- March 6th- additional budget discussion (if necessary)
- April 3rd- public hearing on FY19 Village budget
- April 17th- adopt FY19 Budget and Capital Improvement Plan

Board and staff discussion focused on needing to identify funding for CIP projects; only do CIP projects until funding is identified; spike in roadway expenses in year 2022 due to Wolf's Crossing; meter replacement helps efficiencies; new home builds include the new water meters; mobile data terminals moved to next year; doing normal MFT plus patching and alley work; Wolf's Crossing project needs to continue advancing; construction on Wolf's Crossing to start in year 2021-2022; needing to find financing for Adams Street road repairs; needing to avoid reconstruction of downtown roads; repaving of residential roads will be delayed; no sewer system in the downtown; watermain in the downtown at least 50 years old; will cost at least \$1 million to move the lines across the Fox River at the bridge; crosswalks at Main Street; looking into traffic control measures; staff researching options such as improving lighting at the crosswalk, flashing lights overhead, markers in pavement, tabletop; could cost \$60,000-\$200,000; IDOT needs to approve any measures taken; changing behavior of drivers; IDOT not inclined to re-route traffic; they are not interested; traffic signals are \$200,000-\$250,000 each; IDOT may not allow traffic signals; traffic calming once the development is in; pedestrian count at 300; just under the threshold to warrant a traffic signal; northeast corner at Main Street is dark; band aid issue versus long term issue; no pedestrian crashes at Main Street; Plainfield tabletops are located at four way stops.

Additional discussion focused on initial budget meetings with department heads went well; asked for reductions from each department; budget balanced with a slight surplus; surplus will not be around long; 50/50 tree replacement program with residents; may take four years to replace a tree if not through the 50/50 program; income tax money may not be touched by the State right now; Oswego is charging much less for water and sewer than other communities; water supply is running out; not a question of water quality, it's a question of water quantity; aquifer is drying up; not about getting a filter for water; needing to do something about the water supply now; Fox River versus Lake Michigan; will discuss water supply options at a future Board meeting; wanting to get the Police Department staffing up; needing to add additional staff; not sure how the current staffing level is keeping up; projected growth trending upwards; salary wages policy; insurance rates have increased due to instability in the industry; IPBC has a pool of 200; couple bad years of claim costs; not much control over debt; staff doing a great job; thank you to staff for keeping the Board well informed; parking garage will be paid through the TIF; property taxes will pay the debt service; an SSA can be activated to pay the debt service; public art and downtown décor; Geneva's décor is around \$60,000 with fresh plants and lighting in the downtown; most of Naperville's downtown décor and displays are paid through an SSA; takes three years to make a profit on a special event; offering highly quality events and doing responsibly; having an event program in place will help with negotiating sponsorships; event decisions need to be made a year in advance; events will be run as a project with budget lines for each event; will have a negative balance in the TIF Fund for many years; have not seen any franchise fees come in from MetroNet; staff will follow-up in May; budget projections done with November data; General Fund expenditures may increase; whether there are concerns on the State level; LGDF cuts; sales tax; franchise fees; Supreme court hearing regarding sales tax for internet sales; tax would go to the State and unsure they would share with the municipalities; whether a property tax freeze would affect Oswego; debt service bill being heard at the State level; will affect the schools; not wanting to lose employees due to salaries; staff will get a salary assessment in the Fall; percentage of wages/operating expenses; aging staff at the PD; could take a year to be up to speed; looking forward to seeing how events turn out. President Johnson thanked everyone for attending. There was no further discussion.

CLOSED SESSION

There was no Closed Session held.

ADJOURNMENT

A motion was made by Trustee Kauffman and seconded by Trustee McCarthy-Lange to adjourn the meeting; upon a voice vote with all remaining members present voting aye, the meeting was adjourned at 10:36 a.m.

Tina Touchette
Village Clerk