

**MINUTES OF A COMMITTEE OF THE WHOLE MEETING
OSWEGO VILLAGE PRESIDENT AND BOARD OF TRUSTEES
OSWEGO VILLAGE HALL
100 PARKERS MILL, OSWEGO, ILLINOIS
October 2, 2018**

CALL TO ORDER

President Gail E. Johnson called the meeting to order at 6:10 p.m.

ROLL CALL

Physically Present: President Gail Johnson and Trustees Ryan Kauffman, Karin McCarthy-Lange, and Judy Sollinger.

Absent: Trustee Pam Parr, Luis Perez and Joe West.

Staff Present: Dan Di Santo, Village Administrator; Tina Touchette, Village Clerk; Jeff Burgner, Police Chief; Jennifer Hughes, Public Works Director; Mark Horton, Finance Director; Rod Zenner, Community Development Director; Corinna Cole, Economic Development Director; Jay Hoover, Building & Zoning Manager; Jenette Sturges, Community Engagement Coordinator- Marketing; Carrie Parker, Purchasing Manager; Dave Silverman, Village Attorney; and Greg Jones, Village Attorney.

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 6:11 p.m.

There was no one who requested to speak; the Public Forum was closed at 6:11 p.m.

OLD BUSINESS

There was no Old Business.

NEW BUSINESS

F.1. Present and Discuss with the Village Board the Financial Forecast for Fiscal Years 2020 through 2024

Director Horton addressed the Board regarding a view of finances as of April 30, 2018; next five-year forecast; capital funds; and the general fund.

EAV

- Since calendar year 2013, the EAV has been steadily increasing. Estimates for 2018 show the EAV will be close to what it was in 2009

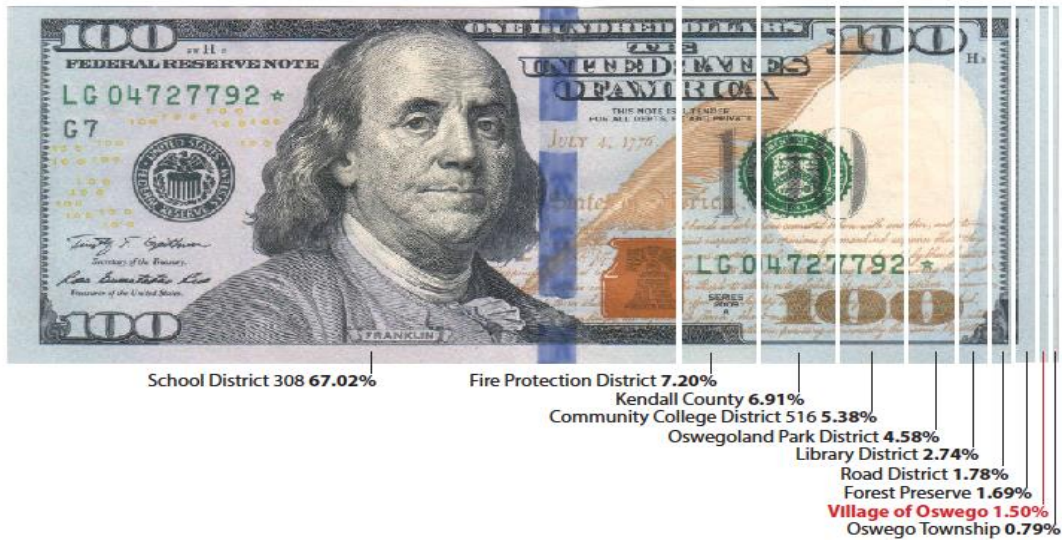
Property Tax Levy

- The dollars levied from 2008 to 2017 have been stable within a range between \$1.2 and \$1.4 million
- Peaked from 2008-2009

Property Tax Rates

- Tax rates have been relatively stable since 2005
- .1439 EAV; increased one cent to .1539
- Kept rate low

Where do your tax dollars go?



Fiscal Year 2019 Budget

- Balanced Budget (revenues exceed expenditures)
- \$13.2 million in infrastructure investment
- Fewer employees today than 2008 despite population growth (118.5 versus 134)

New Business/Developments

- Shodeen; Reserve at Hudson Crossing
 - 280 luxury apartment units
 - Lots of resident amenities
 - 10,000 square feet of retail
 - Restaurant with patio overlooking Hudson Crossing park
 - 449 public parking spaces
 - Built through public-private partnership
 - Village will own/operate parking garage
- Oswego Brewing Company
- 63 W. Washington Street
 - Mexican restaurant with ample outdoor dining space
- Imperial Investments
 - Old Village Hall site
 - Three story mixed use development
 - ✓ Residential
 - ✓ Restaurants
 - ✓ Office space
- A Lady and her tools

New Businesses

- Steve Buresh's Cheesecake Store and Sandwich Shop
- Kiss My Dish Soul Kitchen
- O'Reilly Auto Parts
- The Learning Experience
- Play It Again Sports

- Longhorn Steakhouse
- Burlington
- Mason Square Car Wash
- Delta Sonic
- ATI

New Homes

- Ashcroft Walk
- Ashcroft Place
- Estates of Fox Chase
- Harvest Gate of Southbury
- Hunt Club
- Seasons of Southbury
- The Springs

Oswego Police Headquarters

- Opening November 2018
- Not the biggest project going forward

Reserves

- In good shape

**Village of Oswego
Reserves
As of April 30, 2018**

FUND	Reserve Balance 4/30/2018	Fiscal Year 2019 Expenditures	Reserve as a % of Expenditures	Months of Coverage
Operating				
General	8,760,361	17,859,343	49%	5.89
Water & sewer	1,617,587	6,277,169	26%	3.09
Garbage collection	531,800	2,481,070	21%	2.57
Other funds				
Debt service	69,063	2,524,550	3%	0.33
Tax increment financing	(1,760,062)	1,510,107	-117%	-13.99
Capital				
Motor fuel tax	781,502	402,500	194%	23.30
Capital improvement	15,303,962	11,879,992	129%	15.46
Water & sewer capital	5,561,908	2,672,115	208%	24.98
Vehicle	1,563,049	330,500	473%	56.75
Pension				
Police pension	29,120,576	989,323	2943%	353.22

Motor Fuel Tax

- \$262,500 of revenue is used to pay debt service on bonds issued for roadway construction with the balance used for roadway improvements
- Nothing changing in next 5 years
- In good shape

Financial Forecast

- Tax Increment Financing Fund
 - Minimal tax revenue plus transfers from other funds (MFT, Capital improvement, Water & sewer) are supporting the public improvements for the downtown projects
 - No major increase
 - May see uptick in 2023 if Shodeen project is completed
 - Spending a lot in improvements in next 3 years
- Debt Service Fund
 - Water & sewer debt service declines and matures in 2030
 - General debt service remains level till 2038
 - \$2.8 million out to 2038
 - Paid through sales tax and MFT
- Garbage Collection Fund
 - Bills customers based on the negotiated amount to pay the third-party contractor
 - Reserves increase from the late charges billed
 - Pass through fund
 - Reserves increasing annually
 - No restrictions on using the fund
- Vehicle Fund
 - Supported by transferring the amount necessary to match expenses from the Capital Improvement Fund & Water/Sewer Fund
 - Pass through fund
 - Fund stays healthy
- Police Pension Fund
 - Revenues are from property taxes and general operating revenue
 - Expenditures are administrative costs and pension benefits paid to retirees
 - Ending net assets continue to increase toward the actuarial 100% level by 2040
 - Determined by actuary
 - \$33 million in reserves in 2020
 - \$1.5 million annual contribution
 - Depends on market; investment earnings
- Water & Sewer Fund
 - Revenues from usage charges are sufficient to support the expenses and transfer to the Water & Sewer Capital Fund annually for the needed infrastructure improvements
 - Ending net assets remains at \$2 million
 - 5 years of rate increases started in 2017
 - Just over \$7 million
 - \$2.2 million in reserve
 - Reserve balances are good at approximately 45% through the forecast
- Water & Sewer Capital Fund
 - Revenues are estimated at \$110,000 annually
 - Improvements are greater than available future resources
 - Alternative water source planning will have to be paid from future grants or bonding
 - Staff is updating CIP requests to bring back to the Board at November meeting
 - No development fees are added to the numbers; fees will pay for projects

	Financial Forecast				
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Capital Improvements					
Utility System Improvements					
Minckler water main				375,000	1,950,000
Generators		450,000			
Wolf Road Watermain	695,000	5,096,500			
Sanitary Sewer Lining Program	80,000	80,000	80,000	80,000	100,000
Lead Service Line Replacement Program	50,000	50,000	50,000	50,000	50,000
Water Meter & Reader Replacement	1,256,750	1,256,750	1,246,750		
Water Tower Washing				45,000	
Water Plant Improvements	21,600	7,200			
Hunt Club Tower	1,000,000				
Fox Chase Tower			750,000		
Madison tower				625,000	
Transmission lines to towers		2,000,000	9,000,000	9,000,000	
New 5 MGD Water Treatment Facility		1,767,450	1,767,450	14,512,600	10,584,900
Total Capital Improvements	3,103,350	10,707,900	13,344,200	24,687,600	12,684,900

Mega Projects

- Wolf's Crossing
- Metra
 - Initial studies began in 2001
 - Engineering design will begin in 2019
- Capital Improvement Fund
 - Revenues are approximately \$4 million annually
 - Local sales tax and local fuel tax revenues provide the funding
 - Unknown revenue from development impact related fees are not included in the forecast
 - Improvements identified are greater than available future resources as detailed by the ending fund balance in fiscal year 2022
 - Expenditures include the costs for Wolf Crossing phase one which most likely will be paid from grants, federal dollars, or bonding which would reverse the Ending Fund Balance to positive amounts
 - Numbers may change before discussing the budget
 - Will not do projects until funds in place

	Financial Forecast				
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Beginning Fund Balance	9,525,452	8,136,940	8,211,831	(5,451,548)	(11,022,905)
REVENUES					
Local Sales Tax	3,131,000	3,162,310	3,193,933	3,225,872	3,258,131
Local Motor Fuel Tax	900,000	900,000	900,000	900,000	900,000
Charges for Service	33,000	33,000	33,000	33,000	33,000
Impact Fees	85,000	85,000	85,000	85,000	85,000
Interest	2,500	2,500	2,500	2,500	2,500
TOTAL REVENUE	4,151,500	4,182,810	4,214,433	4,246,372	4,278,631

	<i>Financial Forecast</i>				
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Capital Improvements					
Annual Road Program	-	-	1,400,000	1,400,000	1,400,000
Bridge repairs	-	-	-	18,000	109,000
Planimetric capture				125,000	
Network switches	-			200,000	
Server upgrades			200,000		
Computer refresh			200,000		
Computer Systems (PD Vehicles)				110,000	
Holiday Lights	25,000	25,000	25,000	25,000	25,000
Village Hall Expenditures	-				
Wolf Road section 1-phase 2,3	954,000	324,000	12,874,000		
Wolf Road section 2-phase 2,3					383,000
Wolf's Crossing Rd		383,000	198,000	517,000	
TOTAL EXPENDITURES	979,000	732,000	14,897,000	7,049,000	1,917,000

- General Fund
 - Revenues exceed operating expenditures until Fiscal Year 2023
 - Expenditures are based on business as usual for the forecast years
 - Payroll increases are included with no new staff hires and operating costs showing minimal increases
 - Fund Balance drops below the reserve policy limit of 30% in Fiscal Year 2024
 - Concerns for FY20 will be the additional expenditures for the new police facility, increases for strategic plan initiatives and information technology improvements; not included in the forecast
 - Taxes provide 92% of the fund revenues
 - Sales taxes are the largest revenue source at \$6 million annually followed by state income tax at \$3 million, Local sales tax at \$2 million and utility taxes at \$1 million
 - Other revenue sources have not fluctuated much over the years
 - Building related permitting revenues will be strong in FY 2019 and FY 2020 before falling back to “normal” levels; not included in the numbers
 - Other revenues account for approximately \$2 million of total revenues
 - Police department is the largest area of expenditure for the Village followed by the Public Works department and General Corporate
 - Revenues are over \$18 million with expenditures approaching \$19 million in fiscal year 2024
 - Main source of revenue is from taxes
 - Fund balance decreases over the next five years to \$4 million which is 22% of expenditures
 - Other financing uses is the transfer to the Debt Service Fund

	<i>Financial Forecast</i>				
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
REVENUES					
Taxes	16,267,914	16,410,635	16,559,936	16,686,154	16,815,062
Charges for Services	491,050	491,050	491,050	491,050	491,050
Licenses and Permits	446,800	455,736	464,851	474,148	483,631
Grants	40,000	40,000	40,000	40,000	40,000
Fines and Forfeitures	197,000	197,000	197,000	197,000	197,000
Franchise Fees	570,000	575,700	581,457	587,272	593,144
Donations/Contributions	215,000	215,000	215,000	215,000	215,000
Interest	25,000	25,000	25,000	25,000	25,000
Miscellaneous	20,000	20,000	20,000	20,000	20,000
TOTAL REVENUE	18,272,764	18,430,121	18,594,294	18,735,623	18,879,887

- FY21 could have an increase in revenues with a population change; \$140,000-\$200,000 from the State
- Per capita= \$146.00
- Personnel and related benefits are the largest area of expenditure together accounting for over \$12 million (76%) of total operating expenditures in Fiscal Year 2020 increasing to over \$14 million (78%) in fiscal year 2024
- Very small increases from year to year in all areas except for personnel costs
- Have a gap
- Keep revenue exceeding expenditures every year
- Need additional personnel for each department
- Contractual services total approximately \$2.5 million annually
- Transfers for debt service are approximately \$1.1 million each year of the forecast
- Great shape for next 5 years

Conclusion

- What can we do to stay fiscally sound through FY 2024?
 - Maintain budgets within the constraints of annual revenues
 - Analyze ways to control personnel costs/benefits
 - Increase annual revenues
- Revenue streams could keep growing

Board and staff discussion focused on December to January discussions with staff regarding FY20; lowest since 2011 for tax rate; months of coverage in reserves means the number of months the Village could survive for each account; properties are accessed every three years; 6.39% increase in EAV; largest increase in past 7 years.

Manager Hoover provided the following:

Issued from 1/1/18-10/1/18:

Q3 Housing Starts and Permits	Permits Applied	Permits Issued	Permit Fees
Single Family Homes	93	73	
Duplex Homes	3	3	
Attached ½ Family	40	40	
1 & 2 Family Dwellings	136	116	
Multi Family Dwellings	280	220	
The Springs	14	11	
The Reserve	0	0	
Diamond Senior	0	0	
Total Dwelling Units	416	336	
Total	1758	1596	\$4,000,000.00

Issued from 10/1/18-1/1/19:

Q4 Projected Housing Starts and Permits	Permits Applied	Permits Issued	Permit Fees
Single Family Homes	20	40	
Duplex Homes	0	0	
Attached ½ Family	20	20	
1 & 2 Family Dwellings	40	60	
Multi Family Dwellings	0	60	
The Springs	0	3	
The Reserve	0	0	

Diamond Senior	0	0	
Total Dwelling Units	40	120	
Total	300	250	\$1,000,000.00

Issued from 1/1/18-1/1/19:

Total Projected Dwellings	Permits Applied	Permits Issued	Permit Fees	Units/Building
Single Family Homes	113	113		
Duplex Homes	3	3		
Attached ½ Family	60	60		
1 & 2 Family Dwellings	176	176		
Multi Family Dwellings	280	280		
The Springs	14	14		20
The Reserve	0	0		200
Diamond Senior	0	0		Unknown
Total Year New Dwellings	456	456		
Total	2058	1846	\$5,000,000.00	

Additional discussion focused on goal of average of 100 dwellings per year; beyond the goal; surprised on how fast it happened; annexation agreements will come once lots are filled out; personnel levels; needing to keep pace with development; kudos to staff over the past few years; development impact fees started in 2015; 2058= total number of permits applied for; last year it was 1700; includes accessory permits; commercial permits up a little; seeing interest for Orchard Road; will see more permits for decks, fencing, etc. for new houses. There was no further discussion.

CLOSED SESSION

There was no Closed Session held.

ADJOURNMENT

The Committee of the Whole meeting adjourned at 6:55 p.m.

Tina Touchette
Village Clerk