

**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 4, 2017**

CALL TO ORDER

President Gail Johnson called the meeting to order at 9:03 a.m.

ROLL CALL

Physically Present: President Gail Johnson (left at 10:51 a.m.; returned at 10:53 a.m.); Trustees Ryan Kauffman (attended at 9:10 a.m.; left at 10:51 a.m.; returned at 10:53 a.m.), Karin McCarthy-Lange, Pam Parr, Judy Sollinger (attended at 9:07 a.m.; left at 10:57 a.m.), Luis Perez and Joe West. 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; Billie Robinson, Asst. Finance Director; Rod Zenner, Community Development Director (left the meeting at 9:07 a.m.); Michele Brown, Community Relations Manager; Corinna Cole, Economic Development Director; Jay Hoover, B&Z Manager; and Joe Renzetti, IT/GIS Manager.

PUBLIC FORUM

Public Forum was opened at 9:03 a.m.

There was no one who requested to speak; the Public Forum was closed at 9:03 a.m.

NEW BUSINESS

D.1. Fiscal Year 2018 Budget Workshop

Finance Director Horton addressed the Board regarding the FY2018 budget. Director Horton briefly spoke about the budget process and presented the budget as follows:

Fiscal Year 2017 Summary

- Budget revenues- 66,096,206
- Budget expenditures- 37,383,061
- Projected revenues- 66,719,118
- Projected expenditures- 38,629,989
- Tax Increment Financing (TIF)- 1,735,500 spent so far
 - ✓ Small interest earnings in next couple months
- Water & sewer- 5,940,676; this will drop

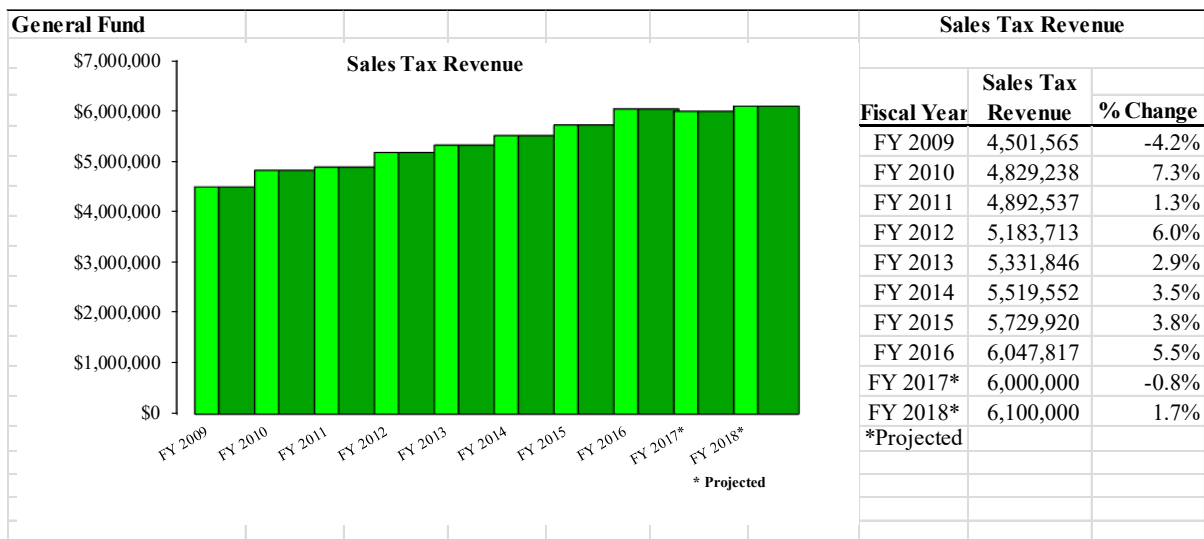
Fiscal Year 2018 Budget

- Revenues
 - General- 17,661,787
 - Motor Fuel Tax (MFT)- 854,000
 - TIF- 40,500 (projected)
 - Debt Service- 2,923,316
 - ✓ 2016 bond issuance down
 - Capital Improvement (CIP)- 2,930,000
 - Water & Sewer- 5,172,300
 - Water & Sewer Capital- 160,000
 - ✓ No funds have been transferred
 - Garbage Collection- 2,451,700
 - Vehicle- 90,400
 - ✓ Down due to not replacing vehicles
 - Police Pension- 2,243,100

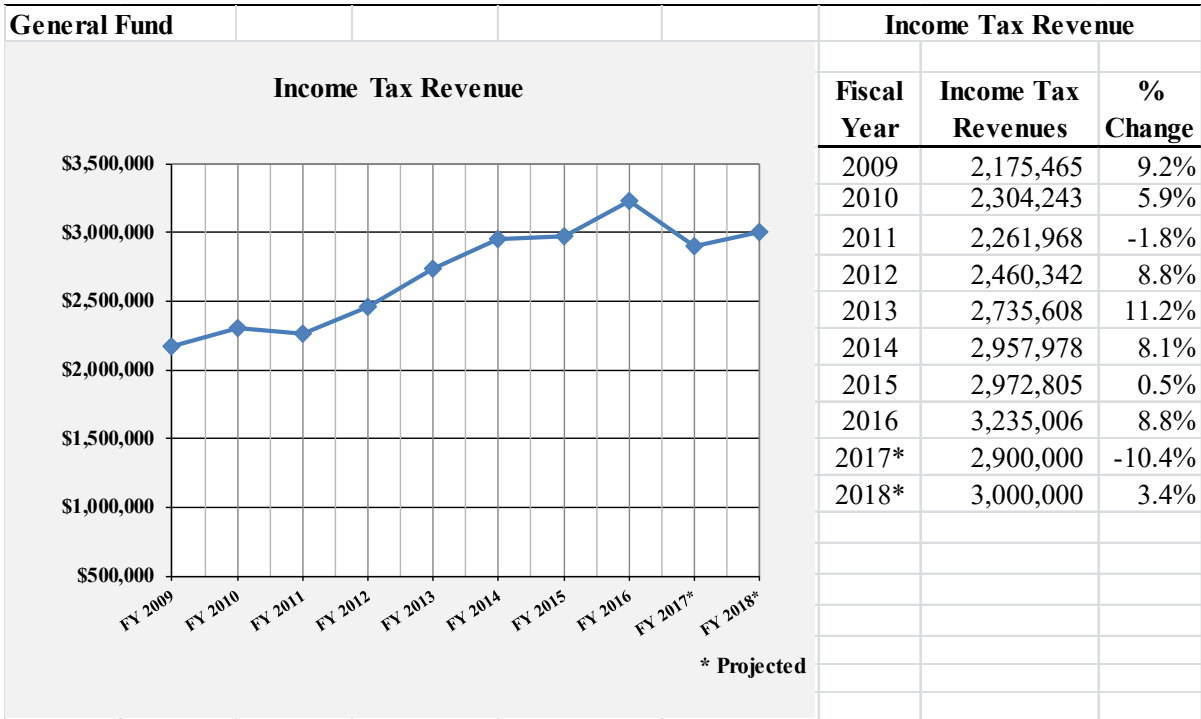
- Expenditures
 - General- 17,650,807
 - MFT- 1,162,500
 - TIF- 350,500
 - Debt Service- 2,922,844
 - ✓ Increased due to 2016 bond process
 - CIP- 27,077,000
 - ✓ Increased due to new Police Headquarters construction
 - Water & Sewer- 5,20,2154
 - Water & Sewer Capital- 1,250,000
 - Garbage Collection- 2,450,000
 - Vehicle- 85,000
 - ✓ Down due to not replacing vehicles
 - Police Pension- 728,300

- Revenues By Source
 - Taxes and Charges for Services are Oswego's main sources of revenue
 - ✓ Taxes- 18,988,000
 - ✓ Charges for Services- 8,275,206
 - Licenses & Permits- 574,500
 - Grants/Intergovernmental- 978,000
 - ✓ MFT revenue is included in the Grants/Intergovernmental
 - Fines and forfeitures- 181,000
 - Franchise Fees- 592,500
 - ✓ Impact fees are shown in Franchise Fees; staff to look into changing the name of this line item to Impact Fees
 - Donations/Contributions- 722,081
 - Transfers from other Funds- 3,708,016
 - Interest- 492,700
 - Bond Proceeds- 0
 - Misc.- 5,100

- Sales Tax Revenue



- Sales tax dropped out in FY 2017
- Sales are flat
- Income Tax Revenue



- State of Illinois revenue declining rapidly
 - Per capita distribution
 - Hopeful outlook
- Expenditures by Type- All Funds
 - Personnel Services- 10,066,836
 - ✓ Constitutes 45% of expenditures
 - Insurance and Benefits- 4,252,869
 - Professional Services- 3,682,813
 - Contractual Services- 3,919,334
 - Communication- 404,296
 - Professional Development- 188,249
 - Operating Supplies- 483,440
 - Capital Outlay- 27,639,800
 - ✓ New Police Headquarters
 - Transfers- 3,708,016
 - Debt Service- 4,533,452

Budget Includes Funding to Provide For:

- Normal operations
- Shared Facilities Manager
- \$27,639,800 in capital improvements
- \$4,533,452 for debt service
- Community/business conversations
- Increased storm sewer maintenance
- Increase for pavement markings
- Continued tree purchases for EAB replacement
- Regional positioning implementation
- Special events
- Economic development
- Contracted IT support
- ERP implementation

- TIF District development
- Water/sewer operations
- Water/sewer improvements of \$1,250,000
- Garbage collection
- Vehicle replacements
- Pension contributions

Capital Improvements Budget

- Vehicles/equipment- 1%
- Village Town Center renovation- 1%
- Roadway improvements- 2%
- Other- 2%
- Water & Sewer improvements- 5%
- Annual road program- 6%
- Facilities- 83%

\$ 590,000	ERP Implementation
\$23,000,000	Police Headquarters Construction
\$ 1,600,000	Annual Road Program- \$900,000 from MFT. Balance from CIP
\$ 644,800	Wolf's Crossing Phase One Engineering- 2 nd year of the two-year project
\$ 60,000	Public Works salt dome roof repairs
\$ 110,000	Police squad car mobile computer upgrade
\$ 125,000	Sewer Lining
\$ 80,000	Kendall Point Tower removal; abandoned tower covered in mold
\$ 45,000	Water Tower washing- active towers
\$ 400,000	Future Water Plant- changing to future alternative water source
\$ 85,000	Vehicle and Equipment- rebuilding street sweeper
\$ 300,000	Downtown Parking Lot (TIF)- community project reimbursable through TIF funds

Capital improvement projects to be discussed at the March 21st Committee of the Whole. Draft CIP to be distributed to the Board and staff late next week.

Budget Detail- General Fund Summary

- Revenues
 - Taxes down 2%
 - Revenue streams declining
- Operating Expenditures
 - Up 2%
- Other Financing Sources/(Uses)
 - Debt service transfer- (1,438,316)
 - ✓ Transfer to General Fund
- Change in Fund Balance
 - 10,980
 - ✓ Budgeted amount
 - ✓ Can swing either way

Budget Detail- General Fund Expenditures

- Personnel Services- 8,254,992
 - Not everyone receives a 4% increase
- Insurance and Benefits- 3,789,662
 - Reducing pension contributions
- Professional Services- 876,813
- Contractual Services- 2,370,939

- Communication- 338,196
- Professional Development- 169,549
- Operating Supplies- 415,340
- Capital Outlay- 0

Additional discussion focused on concerns with the general revenue funds; not having money to transfer to the Water & Sewer Fund; getting water rate study in a couple months; running out of reserves; great investing earnings in the market; two more retirees in the police pension; less grant money coming from the State; staff does not budget for grants unless grants are received or an intergovernmental agreement is associated to the grant; budgeted more in franchise fees because of the impact fees; did not get the fees; when development comes back it will help; MetroNet fees mirror Comcast fees; also receive fees from AT&T; sales and income tax now flat; people not coming to town to shop; online retailers hurting the Village; hoping for retail and residential growth; State over allocated; they switched systems and can't figure out what is wrong; may get it fixed in a couple years; not comfortable with revenue numbers; IML has been correct on projected numbers; to be discussed at the Springfield Drive Down; staying conservative with budget numbers; State income tax is 1/3 of the Village's budget revenue; fix police department dates in the budget to show completing in Fall 2018; saving the plaque by the Kendall Point water tower; selling the tower for advertising; whether the Village is impairing themselves by not replacing vehicles; have no funding source for vehicles; full amount of salary increases are budgeted at 4%; insurance pool performs well; no issues if Affordable Care Act is eliminated; if the Home Rule Sales Tax had not been increased, the Village would be in the hole; more development equals more revenue.

Corporate

- 5% increase
- Purchasing Manager position added
 - Starts March 27th
 - Working closely with Yorkville
 - Working at all locations, but mainly in Oswego
 - Position reports to the Asst. Village Administrator

Building & Zoning

- 3% increase
- Operating supplies increased due to fuel costs; staff does not anticipate using
- Professional Development up \$700

Community Development

- 15% decrease
- Removed consulting fees for the TIF and moved to the TIF Fund
- Removed the Project Manager position out of the budget; handling in-house
- Future ask for a Facility Manager
 - ✓ Split three ways with Montgomery and Yorkville
 - ✓ Oversight and maintaining of all public buildings
 - Yorkville has many smaller buildings
 - Maintenance to be completed on a regular basis
 - Inventory of what needs to be done
 - Would manage the project and contract out
 - ✓ May be an option to join with the County
 - ✓ \$37,000 in budget with benefits
 - ✓ Budget of \$50,000 moved from Public Works

Road & Bridge

- 15% increase
- EAB program is complete; only a couple trees left to remove

- Facility Manager to be hired before the new Police Headquarters are complete
- Shared services kicked into high gear

Community Relations

- 1% increase
- Regional positioning was budgeted into next year
- Includes summer intern

Economic Development

- 3% decrease
- Operating supplies include copy paper
- \$10,000 taken out for target analysis

Finance

- 18% decrease
- Procurement personnel moved from Finance's budget
- Sikich dropped their fees by \$1,000

Information Technology

- 56% increase
- Increased due to wages, promotion, hiring of consultant and fees
- ERP- \$202,000 per year
- IT contract being presented to the Board at the March 7th meeting
 - ✓ Contracted personnel would start March 13th
 - ✓ Yorkville to approve the contract at the end of March
 - ✓ Benefit of sharing with the consortium
 - ✓ Received a discount from the consultants because of the sharing of services with Yorkville

Police Department

- 0% increase/decrease
- IT expenditures moved to the IT department's fund

MFT

- 7% increase in per capita
- Staff to bring engineering to the Board before the budget is approved

TIF

- Property tax- \$40,000; actual number
- Public improvements- \$300,000; includes parking lot and trash compactor
- All numbers except for the property tax are guesses
- Future revenue from the sale of the current police facility can be used in different ways
- Not building the parking lot downtown until the Village knows what is going in on the property at 59 S. Adams

CIP

- Revenues
 - FY 2017 Projected- Local Sales Tax- 2,900,000
 - FY 2018 Projected- Local Sales Tax- 2,900,000
- FY 2018 Expenditures
 - Annual Road Program- 700,000
 - Computer systems (PD vehicles)- 110,000
 - New Police Facility- 23,000,000
 - Ending Funding Balance- 4,774,527
 - Reserved Fund Balance, Police Headquarters- 5,133,976

- Running out of money in the CIP fund
- Need to come up with a new funding source for the CIP fund
- CIP projects and funding to be discussed in more detail at the March 21st Board meeting
- Funding amounts are pending the school district waiving fees for the Vitality project

Water & Sewer

- Total expenses down; -1%
- Net change to Unrestricted Net Assets currently negative
- Need a rate increase
 - ✓ Last increase was one cent (\$.01) in 2010
 - ✓ Looking at two increases within the next 10 years
 - ✓ Should be raising the rates 2%, but will wait for study
 - ✓ Will compare rates to other communities
- EEI conducting a water rate study; should have the results in June

Water & Sewer Capital Fund

- Total revenue down; -46%
- Capital improvements projects:
 - Sanitary sewer lining program- 125,000
 - Water meter & reader replacement- 600,000
 - ✓ \$4 million over a five year period
 - Water tower demolition; Kendall Point- 80,000
 - Water tower washing- 45,000
 - Water plant improvements- 400,000
 - ✓ On hold; could change in a couple months
- \$1.6-\$2 million needs to be transferred to the Water & Sewer Fund to stay in line with accounting standards
- FY 2018 Budget Ending Fund Balance- 4,270,761

Debt Service

- Revenues
 - Transfer In- Other funds- 2,660,516
 - Transfer In- MFT Fund- \$262,500

Garbage Collection

- Pass through fund
- Oswego charges residents and pays the vendor
- FY 2018 Ending Net Assets- 526,037

Vehicle Fund

- Total expenditures- 85,000
- Transfers from other funds are received

Police Officers' Pension Fund

- 34:1 ratio
- FY 2018 Ending Net Assets- 26,685,859
- Not concerned with the Fund

Additional discussion focused on IT/GIS Manager Renzetti helping tremendously with the migrating at the police department; will need to make a final decision on the water source soon; Lake Michigan option back on the table; DuPage Water Commission made good changes over the past years; biggest cost is connection fees; fees based on consumption, not connections; per DuPage Water Commission, \$10 million one-time fee to connect; staff has not talked to Montgomery or Yorkville about the DuPage option yet; Plainfield is connected to Lake Michigan, but Oswego cannot connect to

Plainfield; holding the public hearing and approving the budget at the April 11th Board meeting; looking at other sources of revenue; strategic action plan; having discussion in May or June regarding the five year forecast and sustainable revenues; needing to discuss revenues sooner; not being able to forecast when we do not know what Springfield is going to do; adjusting to be proactive; stimulating growth; will know more about increasing the water fees in June; water analysis will include information on a water source; development moving slowly; maintenance issues keeping developers from coming in; educating the public about SSA's; having SSA's in place on every development and making active when necessary; hesitant on activating SSA; holding reserves at policy level; whether to increase local MFT tax; not too many taxes that can be implemented that will generate \$1 million plus; bag tax; bringing pros and cons of bag tax back to the Board for additional discussion.

There was no further discussion.

CLOSED SESSION

There was no Closed Session held.

ADJOURNMENT

The Committee of the Whole meeting adjourned at 10:59 a.m.

Tina Touchette
Village Clerk