

**MINUTES OF A COMMITTEE OF THE WHOLE MEETING
OSWEGO VILLAGE PRESIDENT AND BOARD OF TRUSTEES
OSWEGO VILLAGE HALL
100 PARKERS MILL, OSWEGO, ILLINOIS
August 3, 2021**

CALL TO ORDER

President Troy Parlier called the meeting to order at 6:02 p.m.

ROLL CALL

Board Members Physically Present: President Troy Parlier; Trustees Tom Guist, Kit Kuhrt, James Marter II, Terry Olson, and Jennifer Jones Sinnott.

Board Members Absent: Trustee Brian Thomas.

Staff Physically Present: Dan Di Santo, Village Administrator; Christina Burns, Asst. Village Administrator; Tina Touchette, Village Clerk; Jeff Burgner, Police Chief; Jennifer Hughes, Public Works Director; Rod Zenner, Community Development Director; Mark Horton, Finance Director; Scott McMaster, ED Director; Joe Renzetti, IG/GIS Director; Jenette Sturges, Community Engagement Coordinator, Marketing; Karl Ottosen, Village Attorney; and Douglas Dorando, Village Attorney.

PUBLIC FORUM

Public Forum was opened at 6:02 p.m.

Gerald Sternberg addressed the Board regarding fossil fuels and ATV problems.

There was no one else who requested to speak. The public forum was closed at 6:04 p.m.

OLD BUSINESS

F.1 Water Meter Installation Project – Status Update

Director Hughes addressed the Board regarding the water meter install project. The Board approved a contract with Water Services Company to replace all Village water meters over a four-year period commencing in the fall of 2018. Currently, 11,929 meters of the 12,174 commercial, industrial, and residential accounts have been installed, with approximately 245 meters left to complete. The purpose of this program is to ensure that we can accurately measure the water used, and bill accordingly. The supplier of the old meters is no longer manufacturing or supporting the equipment and a large percentage of the equipment is more than 15 years old. With the new software, the Village can obtain accurate, detailed, and timely consumption data for all our accounts, including the ability to monitor for leaks, backflow, no flow, and equipment malfunctions. The amount of water loss within a community is regulated for all Lake Michigan options being considered as alternate water sources for the Village. This information can be accurately obtained using the new meters.

Water Services has been responsible for scheduling work directly with residents to install the meters. As the COVID-19 pandemic began, some residents requested to postpone installment until the pandemic was under control. 124 residences were placed on the Covid-19 deferral list. All of Water Services employees have full vaccination status and the State of Illinois has moved into Phase 5, so staff feels there is now minimal risk to the residents. After repeated notices, there remains 121 unresponsive residences. Staff plans to take necessary steps to force all remaining accounts to comply. A “Final Request for Meter Change” letter was drafted which will be hand delivered to each address. Residents will be given 14 days from receipt of the letter to schedule an appointment or have their water service shut off. This action is allowable, after receiving a written request, per Village Code 8-7-11-1. No fees will be charged for the shut off or for restoring of water service.

Board and staff discussion focused on shut-off and turn-on water procedures; would not turn the water back on until the meter is replaced; no cost to the resident; contractor can replace 10-15 meters per day; written notices will be mailed to the residents; will post notice before shutting off the water; residents can still be charged late fees for not paying their water bill. There was no further discussion.

NEW BUSINESS

G.1 Financial Forecast Fiscal Years 2022-2026

Director Horton addressed the Board regarding FY22-26 financial forecast and presented the following:

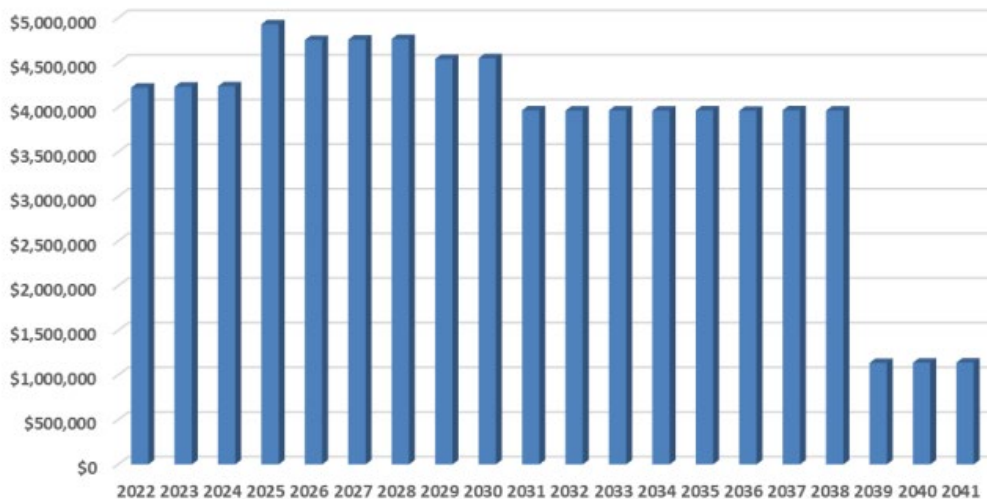
Forecast Assumptions

- Business as usual
 - No service reductions
 - No new personnel
 - Maintain balanced budgets
- Growing community and tax base
 - New business
 - New residential
 - Increasing population
- Major capital projects on the horizon
 - Alternative water source
 - Metra
 - Wolfs Crossing Road improvements
- Revenues
 - Based on past and current trends
 - Does not include any designated grants (\$1.3 million) or the ARPA Funds (\$4.9 million)
- Expenditures
 - Personnel costs per existing contracts and policies
 - 1-3% annual increase in operating costs

Village Debt

- \$7.3 million supported from W/S- matures December 2029
- \$48 million supported from General- matures December 2037
- \$20.7 million supported from TIF revenues- matures December 2040
- \$2,031 debt per capita
- Done through sales tax
- Does not include the 2021 bond issuance
 - Will drop \$100,00 each year

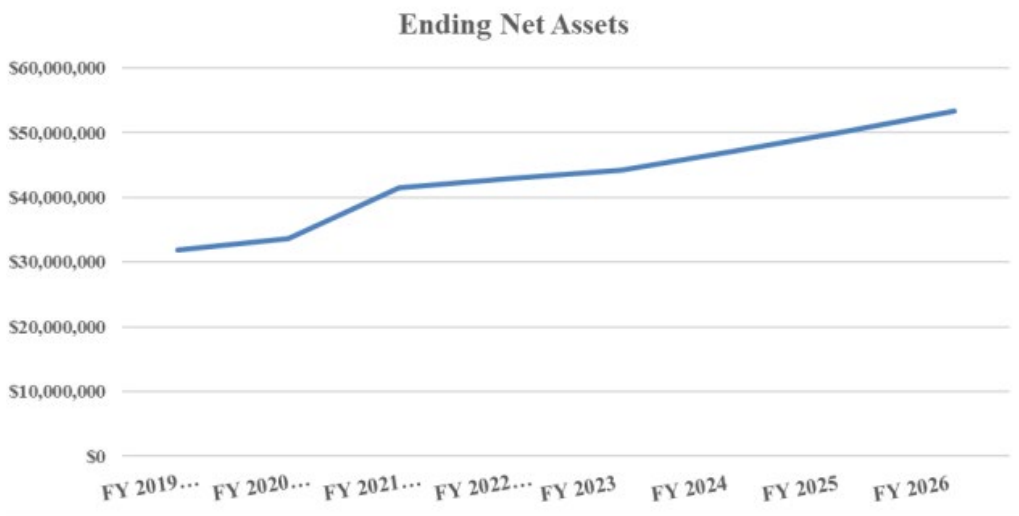
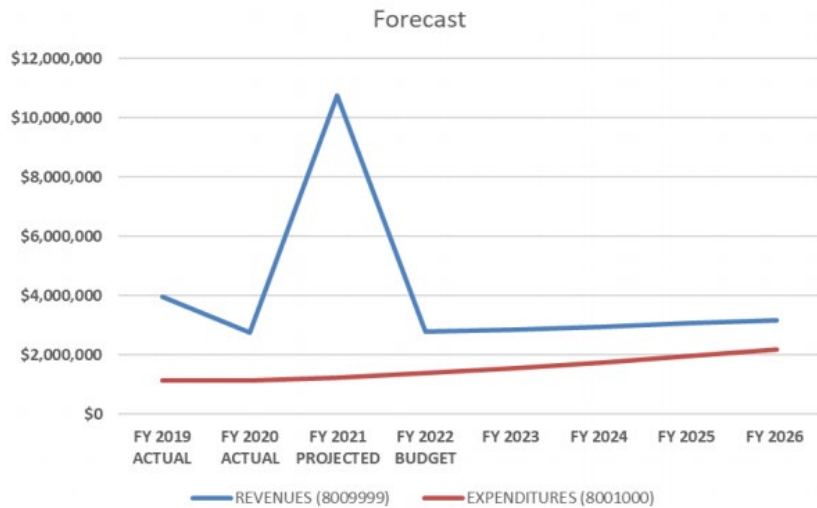
Annual Fiscal Year Debt Service Payments



Fiscal Year	Principal	Interest	Total	Tax Rate*	Estimated Tax**
2022	2,135,000	2,085,836	4,220,836	0.4165	\$416
2023	2,210,000	2,021,636	4,231,636	0.4175	\$418
2024	2,285,000	1,951,461	4,236,461	0.4180	\$418
2025	3,050,000	1,880,961	4,930,961	0.4865	\$487
2026	2,965,000	1,789,640	4,754,640	0.4691	\$469
2027	3,060,000	1,699,575	4,759,575	0.4696	\$470
2028	3,185,000	1,581,313	4,766,313	0.4703	\$470
2029	3,085,000	1,457,157	4,542,157	0.4482	\$448
2030	3,225,000	1,325,367	4,550,367	0.4490	\$449
2031	2,780,000	1,186,565	3,966,565	0.3914	\$391
2032	2,900,000	1,063,823	3,963,823	0.3911	\$391
2033	3,030,000	935,025	3,965,025	0.3912	\$391
2034	3,165,000	799,384	3,964,384	0.3912	\$391
2035	3,310,000	656,341	3,966,341	0.3913	\$391
2036	3,455,000	506,575	3,961,575	0.3909	\$391
2037	3,620,000	347,423	3,967,423	0.3915	\$391
2038	3,730,000	233,837	3,963,837	0.3911	\$391
2039	1,020,000	116,770	1,136,770	0.1122	\$112
2040	1,060,000	79,315	1,139,315	0.1124	\$112
2041	1,100,000	40,392	1,140,392	0.1125	\$113
	<u>\$54,370,000</u>	<u>\$21,758,392</u>	<u>\$76,128,392</u>		
*Tax Rate based on 2020 estimated EAV \$1,013,517,970					
** Tax based on property value EAV of \$300,000					

Police Pension Fund

- Great fiscal year
- Actuary will be here in two weeks to give a report
- Revenues- 3.5% annual increase
- Interest- \$500,000 per year
- Investment gain- \$8.4 million in FY21
- FY21 Village contribution \$1.8 million
- Pension payments increase \$200,000 annually
- Other services increase 2-3% annually
- \$1.1 million paid out annually
- Ending Net Assets FY 26 estimated at \$53.3 million
- Reserves restricted for pension payments and Fund expenses
- Concerns
 - Number of retirements- 5 in the last six months
 - Potential spike in pension expenditures
 - Increase in general revenue support
 - Replacement of officers



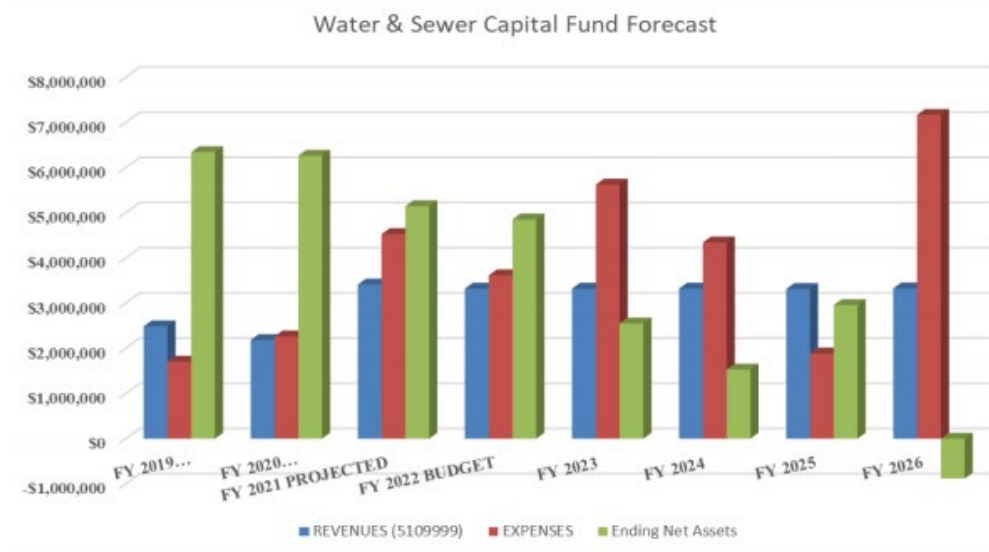
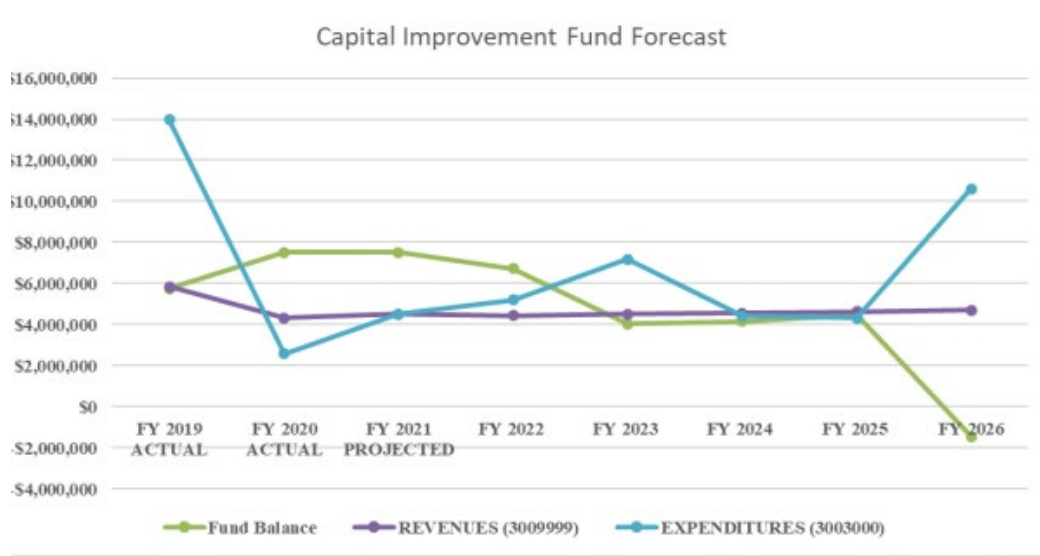
Other Funds

- Municipal Fleet Fund
 - Revenues are transferred from the Capital Funds
 - Fleet maintenance and replacement costs
 - ✓ Maintenance average cost= \$167,600
 - ✓ Replacements average cost= \$671,100
 - Net assets increasing annually from asset sales
 - FY26 balance \$321,000; stable for the next few years
 - Net Assets balance is not restricted
- Municipal Parking Fund (new Fund)
 - FY22 revenue budget of \$30,000
 - FY22 expense budget of \$25,700
 - Parking permit fees used to build up reserve to cover future maintenance expenses
 - Reserves are not restricted
- Garbage Collection Fund
 - Revenues and expenses based on third party contract pricing
 - Reserve of \$600,000 is not restricted; can use for any purpose necessary
 - Contract with Groot expires April 30, 2022

Capital Funds

- Capital Improvement Fund
 - Paid through HRST
 - Revenue

- ✓ FY22 revenue of \$4.4 million
- ✓ FY26 revenue estimate of \$4.7 million
- ✓ Local Sales (\$3.3 million) and MFT Tax (\$75,000) revenues
- ✓ Variable revenue is impact fees
- \$17 million in identified expenditures over the next five years
- \$2.7 million average per year in transfers to other Funds (TIF, Debt, Fleet)
- Forecast shows reserve balances depleted by FY26
 - ✓ Can push projects out each year
 - ✓ Discussed during annual CIP meetings
- Water & Sewer Capital Fund
 - \$3.3 million in annual revenue
 - \$22 million in improvements in next 5 years
 - ✓ Includes Wolf Crossing water main= \$4 million
 - Ending Net Assets balance depleted by FY26
 - Potential new well= \$6 million

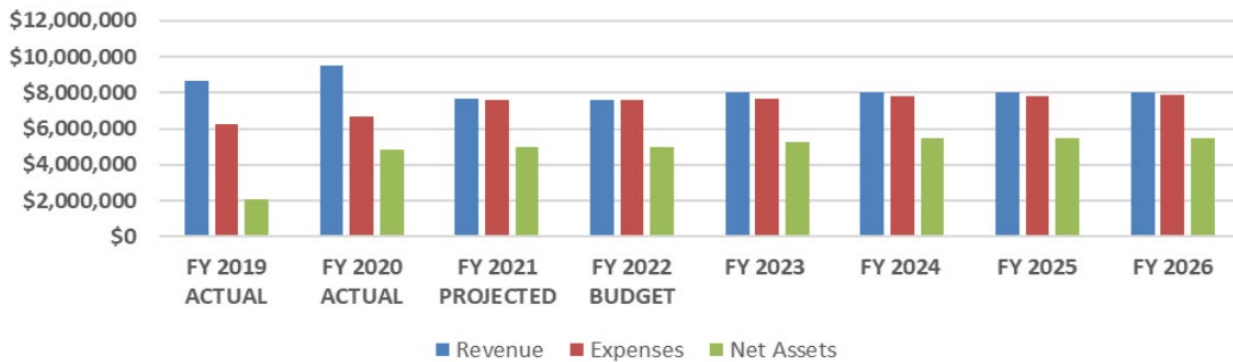


Water & Sewer Fund

- Perfectly working Fund

- Annual revenue of \$7.6 to \$7.9 million
- May 1, 2022, is last scheduled rate increase of ten cents per 100 cubic feet; already authorized
- Expenses increase from \$7.6 to \$7.9 million by FY26
- Annual transfer of \$3 million to W/S Capital Fund
- Ending Unrestricted Net Assets balance at April 30, 2026 of \$5.4 million
 - Can transfer to W/S Capital Fund
- \$7.3 million in outstanding debt
 - Can try and pay it down if wanting to

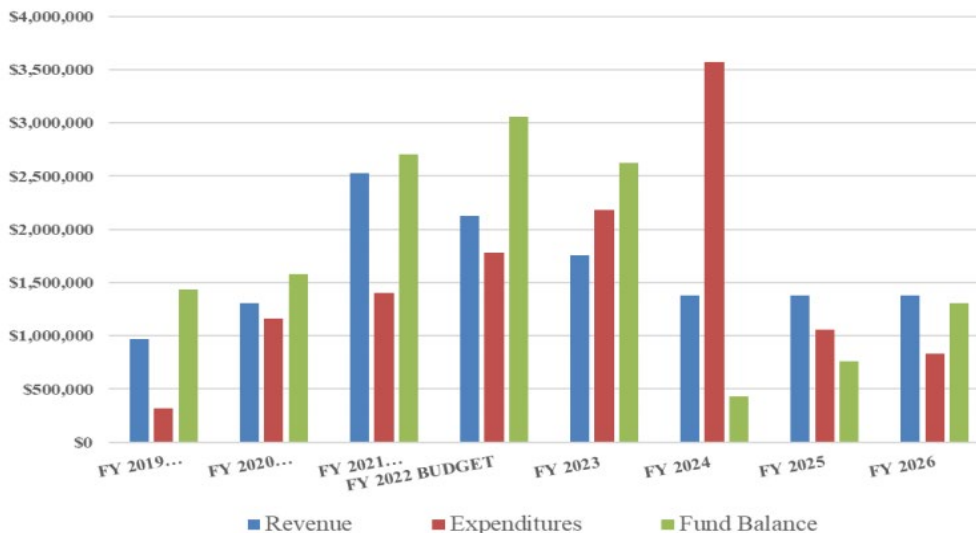
Water & Sewer Fund Forecast



Motor Fuel Tax Fund

- Revenue
 - Annual revenue of \$1.3 million from State fuel tax distributions
 - Rebuild Illinois Bond distribution of \$748,200 in FY22 and \$374,000 in FY23 to be received from the State
- Expenditures
 - Annual road program of \$600,000; try to do \$2 million or more in road resurfacing each year
 - Wolfs Crossing/Harvey Rd segment utilizing \$5.2 million of MFT revenues over next four years
 - \$240,000 of MFT revenue used to pay debt service annually
- Restricted Fund Balance of \$1.3 million at April 30, 2026
- Mature by FY28

MFT Fund Forecast



General Fund

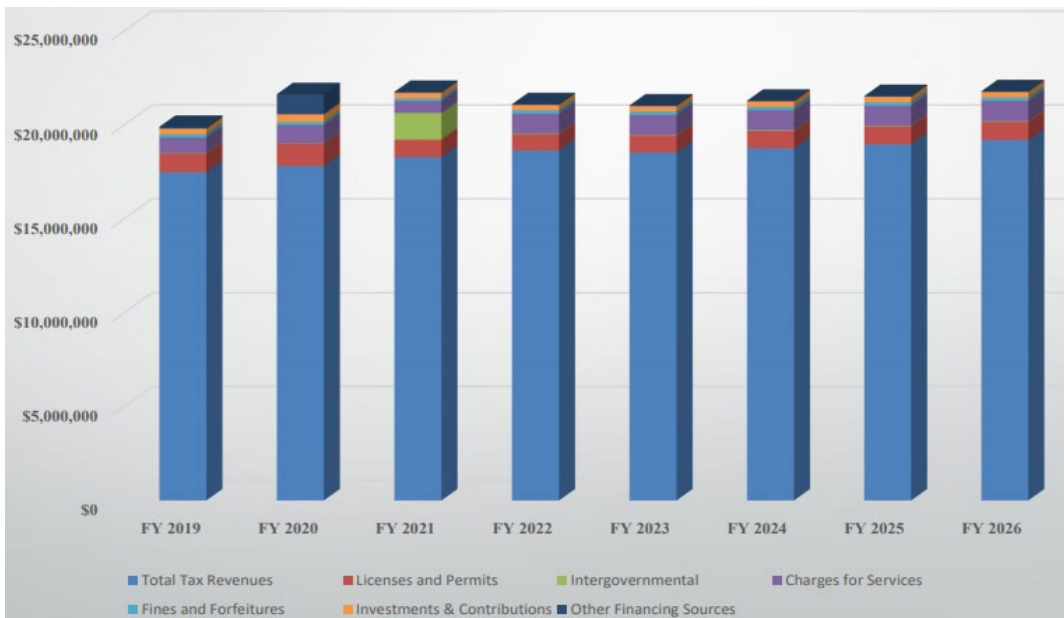
- Expenditures begin exceeding revenues in FY23
- Declining reserve balance to \$6.1 million in FY26

- Revenue growth as projected at 1.2%
- Expenditure growth at 5%
- Conservative revenue growth; still a gap
- Numbers coming in strong with sales tax



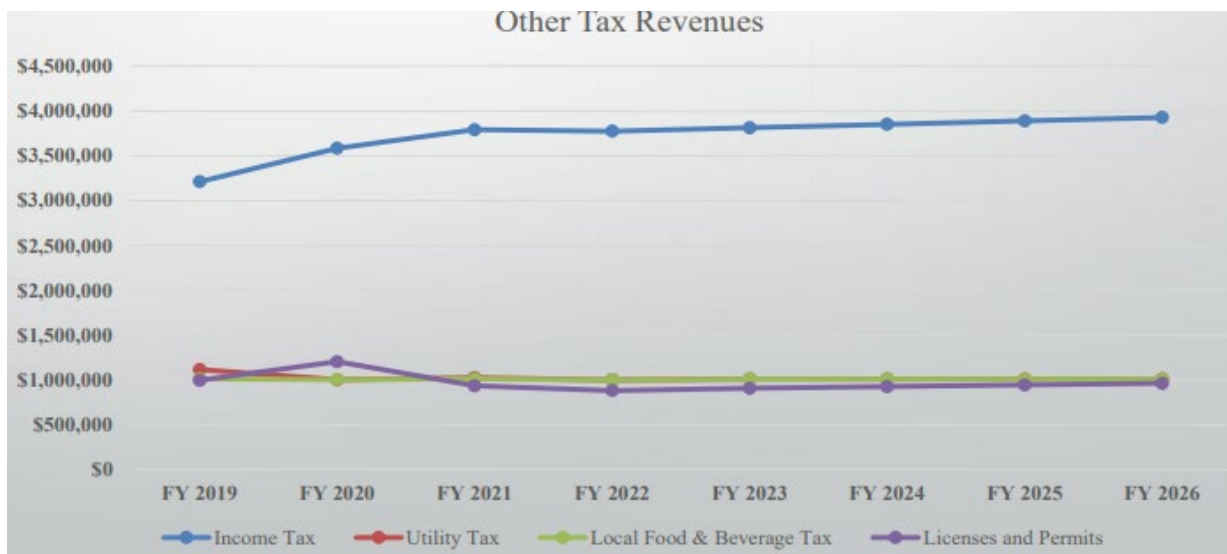
General Fund Revenue

- FY22 tax revenue totals \$18.6 million increasing to FY26 total \$19.2 million; projected conservatively
- 88% of total revenue is from some form of tax revenue
- Sales taxes account for 55% of total tax revenues
- FY21 Village received \$1.3 million in CARES grant funds
- Looks like this every year until we get into budget year discussion



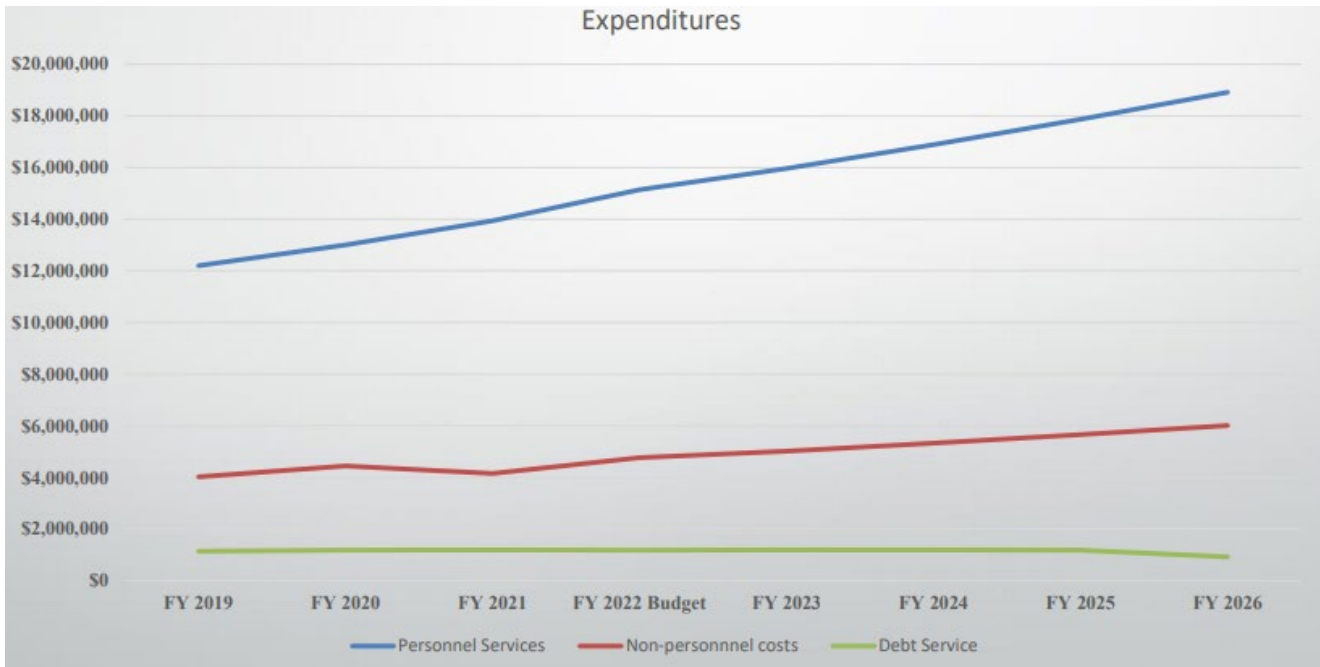
- Sales tax & Local sales tax estimates uses 2% annual increase
- Use tax projected to remain flat and may even decrease
- Income tax estimated with 1% increase

- Other taxes projected to remain flat



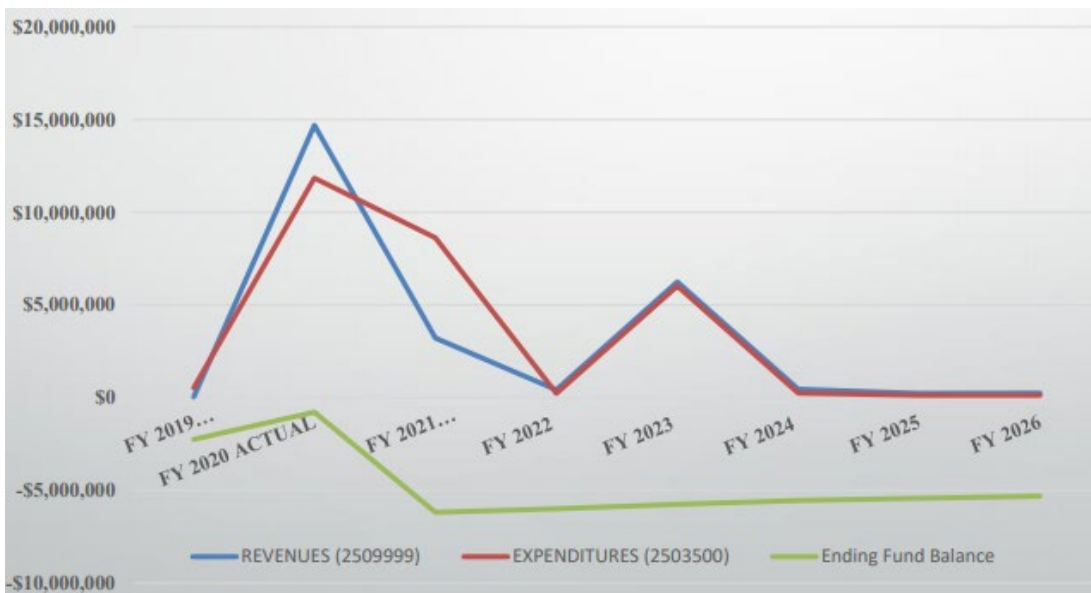
General Fund Expenditures

- Personnel costs are 76% of total expenditures of the FY22 budget
- Personnel costs increase from FY22 \$15.1 million to FY26 of \$18.9 million
- Non-personnel costs increase from FY22 \$4.7 million to FY26 total of \$6 million
- Debt service transfers decrease from FY22 \$1.8 million to FY26 \$0.9 million
- Debt is being paid down
- Blue line depicts personnel costs
- Red line depicts operating costs



Tax Increment Financing Fund

- Revenues only projected with slight property tax increases
- Bond proceeds in FY22 or FY23
- Expenditures for professional services estimated with minimal increases
- Public improvements in FY23 paid from bond proceeds
- No idea what the assessor will do; he is asking for valuations of the building
- Issuing bonds later this year for the north building
- TIF Debt
 - \$20.7 million outstanding from 2019 bond issuance
 - \$9.6 million owed to General Funds (\$2.0); CIP (\$5.4); W/S (\$2.2) and Garbage (\$2,000)
 - ✓ This number will go up slightly



Moving Forward

