

**MINUTES OF A COMMITTEE OF THE WHOLE MEETING
OSWEGO VILLAGE PRESIDENT AND BOARD OF TRUSTEES
OSWEGO VILLAGE HALL
100 PARKERS MILL, OSWEGO, ILLINOIS
February 21, 2023**

CALL TO ORDER

Administrator Di Santo stated President Parlier would be late this evening and has elected to appoint Trustee James Marter II as President Pro Tem. Administrator Di Santo called the meeting to order at 6:00 p.m. and asked for roll call. Clerk Touchette took roll call.

ROLL CALL

Board Members Physically Present: President Troy Parlier (attended at 6:06 p.m.); Trustees Tom Guist, Kit Kuhrt, James Marter II, Terry Olson, Jennifer Jones Sinnott, and 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; Andrea Lamberg, Finance Director; Rod Zenner, Community Development Services Director; Jason Bastin, Deputy Chief of Police; Bridget Bittman, Community Engagement Manager- Marketing; Joe Renzetti, IT/GIS Director; Kevin Leighty, Economic Development Director; Kerry Behr, Village Engineer; Zach Jardine, Facilities Operation Supervisor; and Karl Ottosen, Village Attorney.

Administrator Di Santo requested a motion to approve Trustee James Marter II as President Pro Tem.

A motion was made by Trustee Jones Sinnott and seconded by Trustee Olson to approve Trustee James Marter II as President Pro Tem.

Aye:	Tom Guist	Kit Kuhrt
	James Marter II	Terry Olson
	Jennifer Jones Sinnott	Brian Thomas
Nay:	None	

The motion was declared carried by a roll call vote with six (6) aye votes and zero (0) nay votes.

PUBLIC FORUM

Public Forum was opened at 6:01 p.m. There was no one who requested to speak. The public forum was closed at 6:01 p.m.

OLD BUSINESS

There was no old business.

NEW BUSINESS

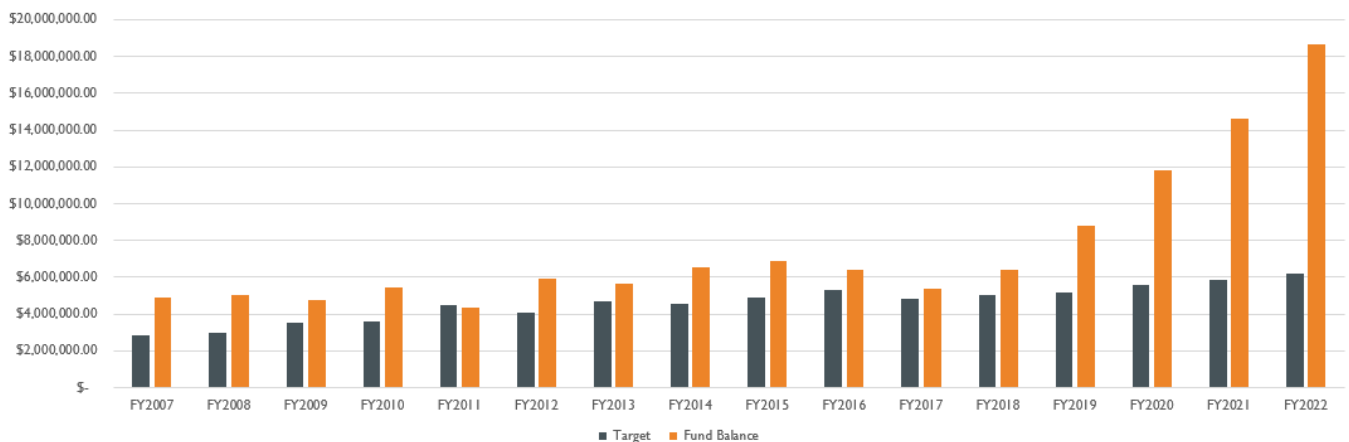
G.1 General Fund Surplus and Motor Fuel Tax Revenue

Director Lamberg addressed the Board regarding the General Fund surplus and Motor Fuel Tax revenue for fiscal year ending April 30, 2023.

GENERAL FUND SURPLUS

- The General Fund started Fiscal Year 2024 with a reserve of \$18,683,350 which is equal to 11.5 months of operating expenditures.
- The General Fund has a current year surplus of \$4.5M as of 1/1/2023.
- Due to timing differences, the last half of the year generally has greater expenses than the first half of the year.
- Current projections show a year end surplus in excess of \$2,500,000.

FUND BALANCE HISTORY



- FY2011- small variance
- Grown in the last 5 years

OPPORTUNITIES

- The Village is in an excellent position to pay down debt resulting in future lower budgetary needs and savings on interest expense.
- The General Fund can contribute surplus funds to the Water Fund to pay down existing Water Debt.
- Doing so will put the Village in an improved financial position when it needs to borrow funds for the Lake Michigan Connection.

- \$340,000 Series 2011 – Issued for Town Center
- \$1,150,000 Series 2013 – Issued for Town Center, Village Hall and Douglas Road
- \$3,310,000 Series 2017 – Refunded Series 2009, Issued for Well Eleven and Water Tower
- \$173,400 IEPA Loan – Converted Sewage Facility to Pump Station
- **\$4,973,400 Total Water Fund Outstanding Debt**

OUTSTANDING WATER FUND DEBT

CONSIDERATION

- An option is to use the General Fund surplus to pay down Water Fund debt.
 - \$340,000 Series 2011 – pay Water Fund debt in full
 - \$440,000 Series 2011 – pay General Fund debt in full
 - \$1,150,000 Series 2013 – pay Water Fund debt in full (General Fund debt remains)
 - \$173,400 IEPA Loan – pay off in full
 - **\$2,103,400 Total Debt paid off**

If choosing to pay down the water debt it would:

- \$518,100 Reduction to Fiscal Year 2024 Water Fund operating budget
- \$520,700 Reduction to Fiscal Year 2025 Water Fund operating budget

IMPACT TO OPERATING BUDGET

NET SAVINGS

- \$132,347 Estimated Interest Savings
 - (\$10,000) Estimated Defeasance Fees
 - \$122,347 Estimated Present Value Savings
- Defeasance fees- for paying off early

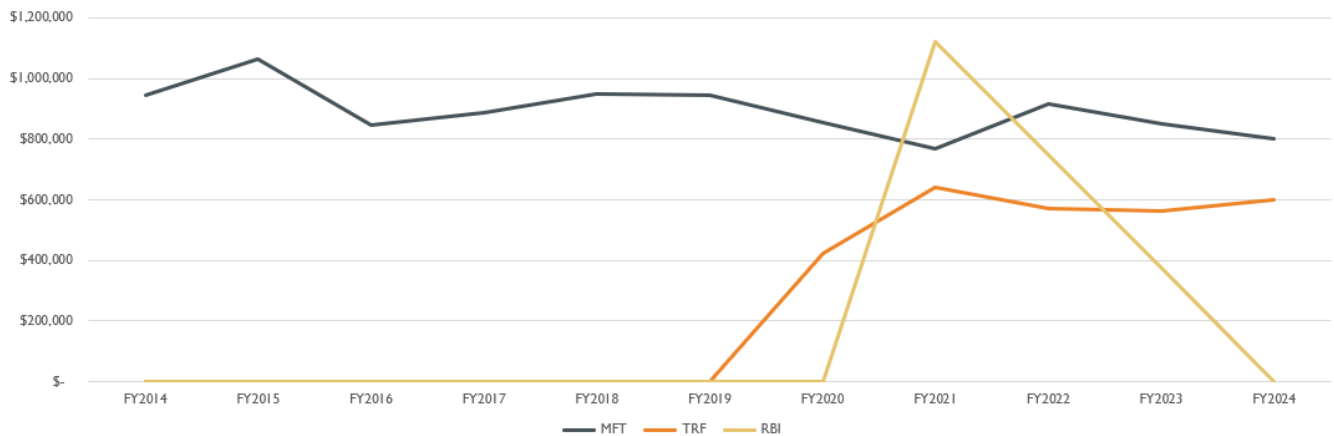
MOTOR FUEL TAX FUND REVENUE

- The Motor Fuel Tax Fund receives two streams of per capita revenue from the State totaling \$1.4M per year.
 - \$800,000 Motor Fuel Tax Allotments
 - \$600,000 Transportation Relief Fund Allotments
 - \$1,400,000 Total Annual Revenue

REBUILD ILLINOIS (RBI) BOND FUNDS

- IDOT implemented a \$1.5 billion grant program using proceeds from general obligation bonds authorized in the Rebuild Illinois capital program to provide municipalities with funds for capital projects.
- Funds were distributed based on a per capita MFT formula.
- The Village received \$2,244,754 in RBI funds.
- RBI Funds were used for the Wolf's Crossing Road Project.
- The last allotment was received in FY23 and no future allotments are expected.

MFT REVENUE HISTORY



- In recent years, the Village has used \$600,000 of MFT revenue toward the Annual Road Maintenance program.
 - Along with the \$1,400,000 contributed from the Capital Fund the Annual Road Maintenance program has a budget of \$2,000,000.

CURRENT USE OF FUNDS

- *The Village will strive to maintain a minimum assigned fund balance equal to 50% of the estimated subsequent year's annual expenditures. This level is necessary to provide for the payment of expenditures related to the Village's annual road program, which is paid for almost entirely during the first six months of the year.*

MFT FUND BALANCE POLICY

MOTOR FUEL TAX FUND BALANCE

- The Motor Fuel Tax Fund Balance target for Fiscal Year 2023 is \$880,000.
- The estimated ending Fund Balance for Fiscal Year 2023 is \$2,500,000.
- The Village could increase the budget for the Annual Road Maintenance Program from \$2M to \$3M by increasing the use of MFT revenue from \$600,000 to \$1,500,000.
- This change is sustainable for as long as revenue streams remain constant and fund balance remains above target.

POSSIBLE USE OF MFT FUNDS

Next steps

- Staff seeks consensus to pay down Water Fund debt in the current Fiscal Year using current year General Fund surplus.
 - If approved staff will bring back a resolution authorizing the transactions.
- Staff seeks consensus to increase the Annual Road Maintenance Program from \$2M to \$3M
 - If approved staff will make the adjustment in the Draft Fiscal Year 2024 budget.

Board and staff discussion focused on monthly financial reports are on the Village's website; good financial situation; \$4.5 million surplus; no benefits in paying off debt early; full bond rating review only done when selling bonds or borrowing money; no control over the bond rating; bond rating is currently at -2; how far out the Water Fund debt is; Water Fund budget is \$8 million annually which includes the cost of producing water; can use Motor Fuel Tax (MFT) surplus on Wolf Crossing as long as it doesn't go above the fund balance; ok with increasing the MFT; can review annually; first segment of the Wolf Crossing project is fully funded right now; next segment is almost funded; ahead on the project, but not on the roads; hold off on using MFT for the project; what the annual road maintenance program involves; Village has 167 miles to maintain; maintain a couple miles each year; not funding the road program like we should; had to pull money for reconstructing roads; budget a small amount of money for sidewalks; all intersections

need ADA ramps; introducing new programs; sealcoating; parking lots; considering other methods; more preventative maintenance; cutting down on price; a lot of work came in a short period, but staff will catch up; repairing and preventative maintenance; received grant for pavement analysis; will use to project where we need to be; ideal time to do roads is every 7-10 years; staff is shooting for 10-15 years which puts the Village in the target range; fund balance is healthy. Staff received consensus to move forward with staff recommendation to pay down Water Fund debt using the current year General Fund surplus and to increase the annual road maintenance program from \$2 million to \$3 million. There was no further discussion.

G.2 Discussion of Business and Contractor Registration Requirements

Administrator Di Santo addressed the Board regarding business and contractor registration. The Village requires contractor registration for all permitted work conducted in town. This process provides the Village with contact information for contractors. Contractor registration costs \$100/year for subcontractors and \$250/year for general contractors, and the registration lasts for one year. This process generates approximately \$80,000-\$100,000 in annual revenue for the Village and requires about 1,000 staff hours per year (\$40,000/year), resulting in a net revenue of \$40,000-\$60,000/year. Contractor registration is not only burdensome on businesses and staff, but also on residents that are unaware of the requirement. Waiting for contractors to register with the Village is a main holdup of building permit issuance.

Municipal Code requires all businesses, including home-based businesses, to register with the Village. This process provides the Village with contact information for the businesses and allows us to ensure that the businesses are in compliance with other Village requirements. Business registration costs \$25 for home-based businesses and \$50 for commercial businesses, and the registrations are required to be renewed annually for \$10 and \$25, respectively. The process generates approximately \$19,000/year in revenue for the Village but requires about 700 staff hours each year (\$28,500/year), resulting in a net loss of \$9,500/year. This process is burdensome for businesses and approximately 1/3 of Village businesses do not renew their licenses on time, resulting in more burden to staff.

Staff recommends eliminating both the business and contractor registration. Nearly all the information gathered in business registrations can be acquired through the occupancy permit process, and likewise the information from contractor registration can be obtained from the building permit application. Eliminating these processes would reduce the administrative burden on businesses and staff and would reduce the delays in the building permit process. With the increased amount of staff time, we would no longer ask the Board for a new Community Relations position in FY24 and would instead transfer the Clerk's Office Administrative Assistant position into Community Relations. The Development Services Department would also benefit from additional capacity to handle building permits, that continue to be at record levels.

In a related review of our processes, staff analyzed the current building permit fees, which have not been updated since February 17, 2015. We found that if the Village raises the fees to the average level of comparable communities, we will see an increase of approximately \$150,000/year in revenue. This increase would more than make up for the potential loss from eliminating the registration processes, and the net result would be \$25,000-\$50,000 in revenue. If the Board supports staff's recommendation, we believe that this deregulation proposal will be a win-win-win for businesses, residents, and the Village.

Job Type	Oswego	Other Communities (Average)	Recommendation	Current Annual Revenue	Expected Annual Revenue	Additional Revenue
New Construction Single Family*	\$1,602	\$1,925	\$1,925	\$363,654	\$436,975	\$73,321
Accessory Structures**	\$141.78	\$90.87	\$141.78	\$235,638	\$235,638	0
Commercial Remodel***	\$3,448	\$3,393	\$3,448	\$99,992	\$99,992	0
New Construction Commercial****	\$2,588	\$7,050	\$7,050	\$31,056	\$84,600	\$53,544
Occupancy Permit						
Temporary Change of Occupancy	\$0	\$93	\$150	\$0	\$6,450	\$6,450
Change of Occupancy	\$90	\$66.57	\$90	\$3,960	\$3,960	0
Certificates of Occupancy*****	\$25	\$68.41	\$100	\$4,300	\$17,200	\$12,900
			TOTAL	\$707,575	\$884,815	\$146,215

Communities Surveyed: Algonquin, Lockport, West Chicago, Bartlett, Lake in the Hills, Woodridge, Bloomingdale, New Lenox, Batavia, Darien, Romeoville, Montgomery, Yorkville, Plainfield, Aurora, Downers Grove, Naperville.

*New Construction Single Family: Used 2,500 SF home with \$190,000 construction value.

**Accessory Structure: Cost was calculated using the cost of the job for the most common accessory permits including: \$6,000 Fence, \$5,000 Shed, \$20,000 Solar, \$25,000 Windows, \$10,000 Roof, \$2,500 Water Heater, \$8,000 HVAC, \$10,000 Pool, \$5,000 Deck/Patio.

***Commercial Remodel: Used 3,000 SF remodel with \$300,000 construction value.

****New Construction Commercial: Used 9,000 SF building with \$1,500,000 construction value.

***** Certificates of Occupancy: Includes residential and commercial new builds and buildouts

Board and staff discussion focused on what the logic was on why we have these processes; unsure why other than obtaining contact information and revenue; working more efficiently and being business friendly; contractor registration delays projects; a lot of frustration; majority of communities do not have these processes; a lot of staff time to process and follow-up; reducing burden and negative reaction from businesses; Special Event Permit process would move to Community Relations; impressed with the solution; supportive of the solution; can't believe the number of hours to process business registrations with very little revenue; what the average permit fees are for our neighboring communities; we are competing with our neighboring communities; not being the median or above and not having to raise taxes; commercial fee is a large discrepancy; what are the permit fees of our neighboring communities; what are the single family comparisons; being conscious of what Montgomery, Yorkville and Plainfield's fees are; what the revenue numbers are; estimated 800 new single family starts; new commercial fees are for large projects; temporary occupancy fee doesn't change; temporary occupancy permits take a lot of staff time. Elimination of the registrations will need to come back to the Board for approval. Staff will provide the permit fees for the neighboring communities; get the average of last five years for types of permits; and bring a revised recommendation to the Board. There was no further discussion.

CLOSED SESSION

There was no close session.

ADJOURNMENT

The meeting adjourned at 6:39 p.m.

Tina Touchette
Village Clerk