



Village Manager Timothy Frenzer said the budgeting theory is to present a budget (PowerPoint attached) that is consistent with the goals and expectations of the Village Board:

- Balance the budget
- Minimize the impact on the property tax levy
- Meet contractual obligations
- Maintain or enhance Village services
- Fund critical infrastructure projects based on objective criteria

## II. General Fund

Michael Braiman, Assistant Village Manager, said each year departments are challenged to reduce expenditures and find more efficient ways to deliver core services. Mr. Braiman highlighted important department goals for 2018.

Mr. Frenzer said the 2018 General Fund enhances Village services and provides for increased capital funding. The key components of the budget include:

- The proposed tax levy increase is 3.97%, a full 1% less than the prior year
- \$3.8 million included for core engineering projects
- \$1.4 million in critical vehicle replacements
- Approximately \$625,000 in General Fund reserves to be used for CERF expenses and the one-time LGDF reduction
- 2.70% water rate increase; rate has been held flat for 6 of the last 7 years
- 2.5% residential solid waste fee increase (\$7 annually per home)
- No sewer fee increase
- More than \$2.7 million in sewer improvements and \$5.2 million in water plant and distribution improvements

Ms. Molloy said the deficit in the 2018 General Fund Budget is due to the use of reserves for funding of vehicles from the Capital Equipment Reserve Fund (CERF) and the one-time LGDF reduction; this allows the Village to reduce the rate of the property tax increase.

Mr. Frenzer said the proposed budget includes two revenue reductions due to action by the State of Illinois:

- 1) One-time 15% LGDF reduction
  - This is a \$267,000 loss of revenue (5 months in 2017 and 7 months in 2018)
  - The proposed budget utilizes reserve funds to offset this one-time reduction
- 2) 2% administrative fee on collection of home rule sales tax
  - This is an annual \$42,000 loss of revenue

The Northwest Municipal Conference reports that a 2-year property tax freeze will again be considered in early 2018 that could be a \$1.6 million loss in revenue.

Ms. Molloy reviewed the revenues in the proposed 2018 General Fund noting the recurring permit revenues are based on a 5-year historical average. The \$4.87 million in property taxes has been reallocated out of the General Fund as the Village will levy separately for public safety pensions.

Mr. Braiman reviewed the 2018 General Fund Expenses noting that staffing remains at the lowest levels in decades, with no increase proposed in the total number of full-time staff. The General Fund wages are increasing by \$260,000 that is offset by more than \$300,000 in corresponding contractual expense decreases.

Ms. Molloy reviewed the 2018 pension contribution budget noting that as previously discussed, the FY 2018 tax levy will include a separate levy line for police and fire pensions.

Mr. Braiman noted the 2018 CIP included in the General Operating Fund. He summarized the projects proposed and deferred to 2019. The 2018 CIP-Engineering Program projects were also reviewed.

President Bielinski said the Master Bike Plan funding was deferred from the 2017 Budget and he would like to see if staff could explore a way to find the funding for the plan. Trustees Wolf and Kurzman said they would also encourage funding of the plan if possible.

Trustee Kurzman said he would like to be on record that he is not in support of the street light pole painting, the street light pole purchase and the streetscape replacement and that is what he would exclude to pay for the \$80,000 for the Master Bike Plan.

President Bielinski said he would support staff's recommendation regarding advancing certain projects in 2017 to free up 2018 funds for the Bike Plan. The Master Bike Plan study can be done with the excess money received in 2017 as the General Fund reserves are not going down, they are still going up.

Mr. Frenzer said staff is always looking for ways to generate savings to take pressure off future property tax levy's by taking some of these capital items and moving them up by paying for them with revenue that we actually have.

Mr. Braiman confirmed there is a consensus among the Village Board to move forward and fund the Master Bike Plan study in 2018. Staff will work

to keep the budget balanced for 2018 and address the funding by advancing certain projects in 2017.

Mr. Braiman continued with the Engineering Dedicated Revenues, noting that in 2016 and 2017, the Village enhanced funding levels for some of the core engineering maintenance programs. The 2018 Budget continues these enhanced funding levels by utilizing reserves from the engineering dedicated revenues. A \$1.8 million bond issue is anticipated in 2019/2020 to fund the Village's share of the Central and Locust reconstruction projects and the Glenview Road pedestrian bridge.

Mr. Frenzer said the proposed tax levy for 2018 is 3.97%. This is the 8<sup>th</sup> out of the last 9 years that the tax levy increase is lower than the previous year's increase.

Trustee Wolf asked if staff has considered what the State might do and how it would affect our budget.

Mr. Frenzer said staff has done what they can by building up the reserves as they do not know at this time what the State will do. We have also levied separately for pension funding this year to protect ourselves. He reviewed the process for working with the Northwest Municipal Conference regarding State decisions and passing laws that affect the municipalities.

John Prejzner, Assistant Director of Administrative Services, said the 2018 Budget includes a 2.5% increase in the solid waste collection fee due to increasing contractual expenses and landfill fees, this an annual \$7 increase per home. There are no other recommended fee increases in the General Fund for FY 2018 noting that:

- Building permit fees have not increased since 2014
- Vehicle license fees have not increased since 2009
- Ambulance fees have not increased since 2008
- General business license fees have not increased since 2007

Mr. Braiman summarized the proposed budget noting it maintains the Village's solid financial footing, the total levy increase of 3.97% is a full 1% lower than the previous year's increase, there is a modest 2.5% solid waste fee increase to reflect increasing contractual and landfill costs, no other General Fund fee increases and nearly \$5 million in capital investments.

Mr. Braiman thanked all the Village staff for their work on the proposed 2018 Budget.

President Bielinski declared a short recess.

President Bielinski brought the meeting back to order.

### **III. Water Fund**

Mr. Braiman reviewed the Water Fund 2018 Expenses noting that to limit the water rate increase, the 2017 and 2018 transfers to the General Fund were reduced by \$100,000.

Ms. Molloy said the Village has worked diligently since 2012 to limit residential water rate increase but since 2012 the Water Fund costs have increased by 12%. The proposed 2.7% water rate increase is a \$0.07 adjustment to the rate, this is a \$5.88 annual increase to the median water bill.

Ms. Molloy said the Water Fund Reserve Policy adopted by the Village Board identifies 5 primary goals of the water fund:

- A balanced water fund operating budget each year
- Minimum budget of \$400,000 for Water Plant capital
- The annual minimum recommended water fund reserve met in the 3-year cash flow projection
- An annual General Fund transfer of approximately \$1million is to be made
- Water main replacement to begin in 2020/21

The reserve analysis assumes annual 3% rate increases, long-term water plant improvements, and a \$500,000 water main replacement program beginning in 2020.

### **IV. Sewer Fund**

Ms. Molloy reviewed the 2018 Sewer Fund Revenues, noting the residential sewer charges and the bond/loan proceeds.

Mr. Braiman highlighted the expenditures for 2018 and the projects included in the proposed budget.

Ms. Molloy said to fund the \$24 million Sewer Improvement Program (separate sanitary system improvements), the Village Board adopted an Ordinance in November 2013 increasing the sewer rate 40 cents in 2014 and 40 cents in 2015. No free increase is proposed for 2018.

Mr. Braiman said the Budget Ordinance will be introduced at the November 14, 2017 Regular Village Board Meeting and adopted at the November 28, 2017 Regular Village Board Meeting. The Tax Levy Ordinance will be introduced at the November 28, 2017 Regular Village Board Meeting and adopted at the December 12, 2017 Regular Village Board Meeting.

**V. Public Comment**

Peter Mitchell said he lived in the area of 4<sup>th</sup> and Lake Avenue and has concerns about the condition of the alley in his neighborhood. He asked the Village to consider advancing repair of his alley.

**VI. Adjournment**

Trustee Sullivan moved to adjourn the meeting at 9:48 p.m., seconded by Trustee Wolf. There was no further discussion on the motion. All voted aye, the motion carried.

Respectfully submitted,

Barbara Hirsch  
Deputy Village Clerk