



1200 Wilmette Avenue
WILMETTE, ILLINOIS 60091

MEETING NOTICE & AGENDA
VILLAGE BOARD COMMITTEE OF THE WHOLE

August 21, 2018
7:00 p.m.
Village Hall Training Room

- 1) General Fund
 - i) Review FY 2018 Revenues & Expenses
 - ii) FY 2019 Capital Improvement Plan Review
 - iii) Review of FY 2019 Budget Projections & Tax Levy
- 2) Water Fund
 - i) Review FY 2018 Revenues & Expenses
 - ii) FY 2019 Capital Improvement Plan Review
 - iii) Review Projected FY 2019 Water Rate
- 3) Sewer Fund
 - i) Review FY 2018 Revenues & Expenses
 - ii) FY 2019 Capital Improvement Plan Review
 - iii) Review Projected FY 2019 Sewer Rate
- 4) Public Comment
- 5) Adjournment

Robert T. Bielinski
Village President

If you are a person with a disability and need special accommodations to participate in and/or attend any Village public meeting, please notify the Village Manager's Office at (847) 853-7509 or TDD (847) 853-7634. For additional information please call (847) 853-7511, the Village Clerk's Office.



2018 Mid-Year Financial Review & 2019 Budget/CIP Preview

August 21, 2018

Decision Points for Tonight's Meeting

- Prioritize FY 2019 CIP Projects
- Discuss property tax levy parameters for the operating portion of the FY 2019 levy
- Review FY 2019 General Fund fee adjustments
- Review proposed water and sewer rates for FY 2019

Revenue & Expense Review

FY 2018

General Fund- 2018 Review

- More than \$900,000 is projected to be added to the General Fund reserve
- Revenues are exceeding budget
 - Non-recurring building permits, income tax and interest income are exceeding projections
- Expenditures are under budget
 - Salary and benefit savings are projected

Revenues- 2018 General Fund

Revenues	2018 Budget	July YTD Actual	YTD % of Budget	Where should we be YTD?	2018 Year-End Projection
Property Tax	9,286,500	5,722,116	62%	68%	9,286,500
Sales Tax	5,909,000	3,203,354	54%	56%	5,749,000
Service Charges	3,330,200	1,947,112	58%	57%	3,250,200
Income Tax	2,218,200	1,658,741	75%	67%	2,408,200
Utility Tax	2,135,000	1,322,674	62%	63%	2,133,000
Permits	2,138,600	2,109,597	99%	56%	3,051,600
Licenses	1,804,900	1,758,510	97%	95%	1,804,900
R.E. Transfer Tax	1,245,000	872,406	70%	62%	1,256,400
Water Fund Transfer	1,000,000	-	0%	0%	1,000,000
Others	3,719,910	2,143,266	58%	57%	3,428,910
Bond Proceeds	-	-	0%	0%	-
Total	32,787,310	20,737,776	63%	61%	33,368,710

Permits:

Permit revenue outperforming budget by \$913,000
\$713,000 of this revenue is non-recurring

Other:

Includes capital grant funding which is \$250,000 under budget (will be realized in 2019) and interest income which is \$190,000 over budget

Expenses- 2018 General Fund

Expenditures	2018 Budget	July YTD Actual	Where		2018 Year-End Projection	
			YTD % of Budget	should we be YTD?		
Regular Wages	16,247,675	9,220,927	57%	59%	15,958,675	↙
Overtime	802,800	546,348	68%	54%	856,800	↗
Benefits	4,273,585	2,408,098	56%	82%	4,013,585	↙
Contractual	2,954,140	1,495,180	51%	50%	2,791,140	↙
Refuse	2,391,420	1,196,134	50%	55%	2,384,520	↙
Commodities	732,845	375,685	51%	59%	748,845	↗
Contingency	300,000	5,970	2%	21%	300,000	
Other	1,943,095	965,052	50%	20%	1,940,495	↙
Capital	3,271,685	419,051	13%	60%	2,215,611	↙
CERF current projects	908,000	711,726	78%	20%	908,000	
CERF allocation	403,200	-	0%	26%	403,200	
Capital - Bond	2,034,000	568,514	28%	0%	1,109,600	↙
Total	36,262,445	17,912,686	49%	60%	33,630,471	

Expenses- 2018 General Fund

2018 Projected Budget Variances greater than \$20,000:

Project	Over/(Under) Budget
Wages & Benefits	(\$490,000)
Leaf Disposal	(\$120,000)
Tree Pruning	(\$113,000)
Police Radio Maintenance	(\$25,000)
Eng. Plan Review & Prof. Serv.	\$68,000
Salt	\$43,000
Special Attorney Fees	\$41,000
Plan Review Services	\$36,000

Revenues & Expenses-

2018 General Fund

Ending Reserve Balance

	2017 Year End (\$)	2018 Budget (\$)	2018 Est. Reserve (\$)
Operating Reserve	9,226,000	8,639,000	10,281,000
CERF	1,764,000	1,003,000	1,629,000
Total	10,990,000	9,642,000	11,910,000
Recommended Minimum	4,568,000	4,773,600	4,773,600

FY 2019 CIP

2019 CIP- General Operating

- The following projects would be funded as the budget allows in the following order of priority:

Project	Category	Department	Budget (\$)
GIS Hardware/Software	IT – P.1	Admin. Services	41,000
Protective Clothing Extract.	Equipment- P. 3	Fire	20,000
Fire Alerting Equipment	Facilities- P.8	Fire	56,400
Salt Brine Machine	Equipment- P.10	Public Works	71,000
Garage Ramp Replacement	Facilities- P.11	Village Hall	19,800
Server Room HVACs	Facilities- P. 12 & 25	Admin. Services	28,500
Garage Floor Rehab	Facilities- P. 21	Fire	101,000
Firefighter SCBAs	Equipment- P.6	Fire	234,000
HVAC Compressors	Facilities- P.27	Public Works	18,500
Carpeting Replacement	Facilities- P.9	Village Hall	33,000

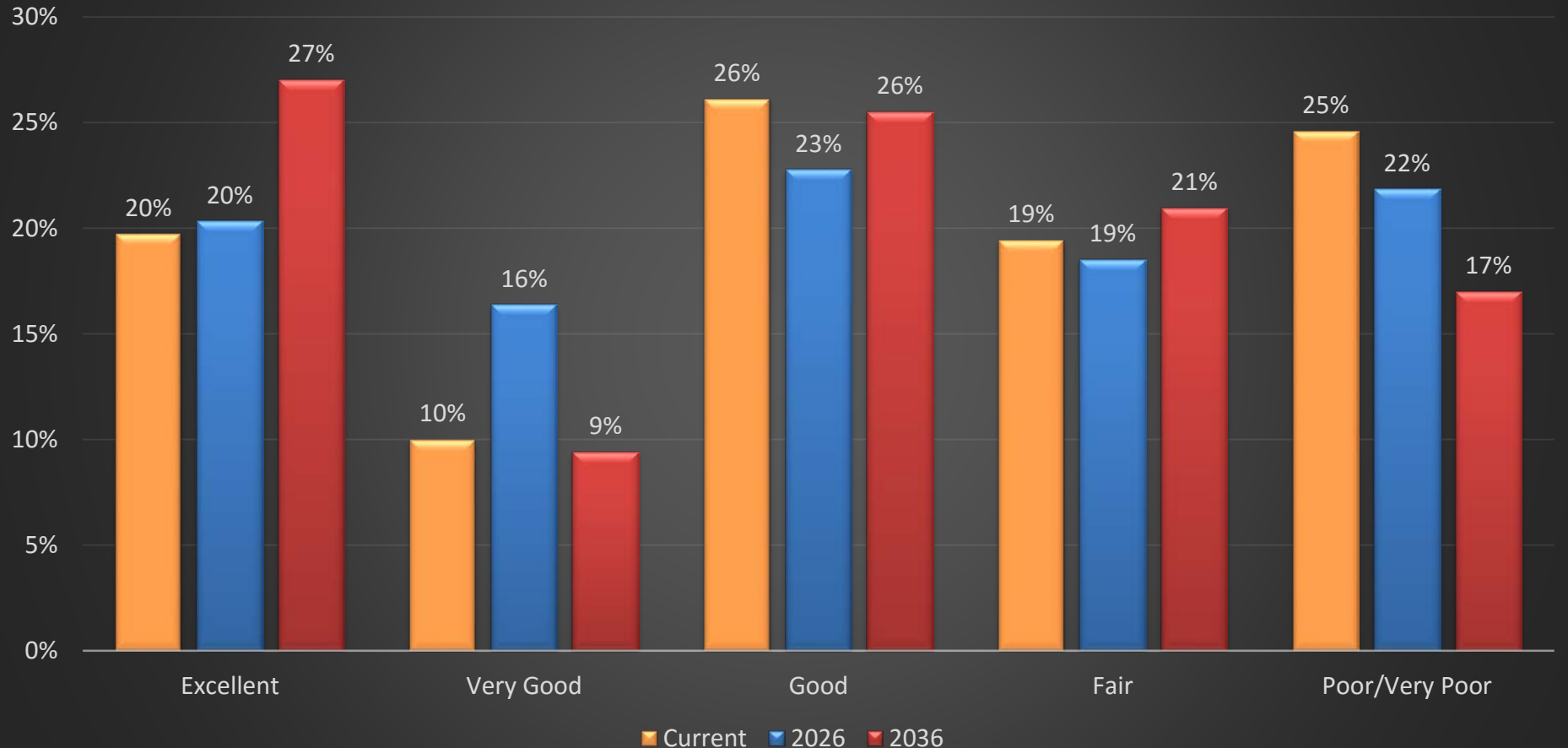
2019 CIP- Engineering Program

- In 2016, the Village Board committed to funding an annual \$2M Road Program to steadily improve the condition of roads in a fiscally responsible manner
- The Village increased the annual budget from \$1.5 million to \$2 million:
 - Local fuel tax increased by \$0.03 to \$0.04 per gallon
 - Property tax levy increased by 0.90% (\$150,000)
 - Use of \$125,000 in reserves (operating funds used in 2018)
- In 2027, retired debt service will be utilized to increase the annual budget to \$3.5 - 4 million

Road Program Overview

Projected Roadway Condition Based on Funding Plan

\$2M through 2026, \$4M through 2036



2019 CIP- Engineering Program

- The following engineering projects will be included in the FY 2019 budget as funding permits:

Project	CIP Page	Budget (\$)
Street Resurfacing	1	2,617,400
Alley Maintenance	15	552,100
Preventative Maintenance	19	149,100
Sidewalk Repair	27	74,200
Brick Street Repair	23	140,000

Project	CIP Page	Budget (\$)
Pavement Marking	29	53,000
Brick Street Reno.	17	627,200
Curb Replacement	31	43,400
St. Light Pole Painting	34	37,105
St. Light Pole Purchase	36	28,235

- Replacement of the North Bridge Sidewalk (Glenview Road Overpass) will be included in the FY 2019 Proposed Budget; funded through existing bond proceeds or as part of a debt issuance- Cost estimate of \$318,400
- The Village's share of the Locust, Central, and Skokie/Lake grant projects will be funded through the annual street resurfacing project
 - Additional funds are allocated to the FY 2019 road program due to favorable bids received in 2018

2019 CIP- CERF

- The following projects are recommended in 2019 to be funded through the General Fund CERF:

Vehicle	Category	Budget (\$)
Document Mgt.	IT- P. 3	31,000
Police Squad Cars (4)	Police Vehicles-P. 1	156,000
Large Dump Truck	PW Vehicles- P. 1	177,000
Front End Loader	PW Vehicles- P. 3	195,000
Street Sign Van	PW Vehicles- P. 9	65,000
Utility Truck	PW Vehicles- P. 11	38,000
Pick-Up Truck	PW Vehicles- P. 17	38,000
PW Jeep	PW Vehicles- P. 19	36,000
CERF Total		\$736,000

Vehicle Replacement History- All Funds

	2015	2016	2017	2018	2019
Public Works	355,000	335,000	505,000	836,650	735,250
Police	171,000	144,000	140,000	76,000	156,000
Fire	38,000	-	310,000	625,000	-
Total	564,000	479,000	955,000	1,537,650	891,250

- 2017 major purchases: Ambulance (\$250,000), Street Sweeper (\$292,000)
- 2018 major purchases: Fire Engine (\$625,000), Catch Basin Cleaner (\$395,000)
- 2019 major requests: Dump Truck (\$177,000), Front End Loader (\$195,000)

FY 2019 Budget & Tax Levy Projections

Preparation of the FY 2019 Budget

- The Finance Committee has been meeting since May to discuss the impact of lost sales tax and potential new revenue sources
- The CIP, the first critical step in formulating the 2019 budget, was reviewed this evening
- Staff has completed its preliminary FY 2019 budget and initial projections will be discussed tonight

FY 2019 Revenue Reductions

- Loss of sales tax (discussed on following slide)
- Mather Place is now on the tax rolls, removing their annual PILOT payment for 2019; \$72,000 reduction
- The approved State budget includes the continuation of two revenue reductions for local governments:
 1. Following a 'one-time' 10% LGDF reduction, there will be a 5% reduction
 - This is an estimated \$133,000 loss of revenue
 2. 2% administrative fee on collection of home rule sales tax reduced to 1.5%
 - This is an estimated annual \$30,000 loss of revenue

Sales Tax Loss

- The Finance Committee has been meeting since May to review strategies to address the loss of \$500,000 in sales tax revenues:

Expense Savings

- IMRF Rate Reduction: \$170,000 estimated savings
- IRMA Premium Offset: \$100,000 estimated savings
- Leaf Disposal Contract: \$120,000 estimated savings
- Total Expenses Savings: \$390,000 estimated savings

Enhancements to Existing Revenues

- Use Tax (court ruling): \$70,000 estimated revenues
- Add'l sales tax: \$40,000 estimated revenues
- Total Revenues: \$110,000 estimated revenues

Expenses - 2019 General Fund Projections

	2018 Budget	2018 Est. Actual	2019 Prelim.	2018 to 2019 Change	2019 Growth Prelim.
Wages & Benefits	21,324,060	20,828,600	22,061,990	737,930	3.5%
Refuse Collection	2,394,570	2,384,470	2,419,490	24,920	1.0%
Contractual Service	2,954,140	2,790,818	2,607,730	(346,410)	-11.7%
Commodities	730,295	748,915	753,735	23,440	3.2%
Other	1,917,495	1,915,470	1,809,345	(108,150)	-5.6%
Total	29,320,560	28,668,273	29,652,290	331,730	1.1%

These figures do not include capital or public safety pensions; the pensions are now funded directly through the property tax levy

Pensions

- The 2019 pension contribution estimate is:

	2018 Budget	2018 Req'd Contribution	2019 Estimate	Budget Change	Percent Change
Police	\$2,127,000	\$2,062,486	\$2,273,000	\$146,000	6.9%
Fire	\$2,750,000	\$2,633,068	\$2,823,000	\$73,000	2.7%
Total Public Safety/Tax Levy	\$4,877,000	\$4,695,854	\$5,096,000	\$219,000	4.5%
IMRF	\$1,211,140	\$1,116,000	\$982,680	(\$228,460)	-18.9%
Total	\$5,862,340	\$5,772,740	\$6,079,680	(\$9,460)	-0.2%

Public Safety Pension Review

- The Finance Committee has been meeting with the Village's actuary to discuss potential changes to the amortization schedule and actuarial assumptions
- These discussions are ongoing and would likely impact the 2020 budget
- The changes under consideration would level off future spikes in contributions but would require short term increases

Tax Levy Parameters

- The following slide presents the tax levy in the following components:
 1. General Operating Expenses
 - Salaries, benefits, contracts, commodities, capital
 2. Pension Expense
 - Sworn police and fire personnel
 3. Debt
 - Existing debt for completed projects (not inclusive of water/sewer projects)

Operating Tax Levy Parameters

Levy Component	Projected FY 2019 Increase	Increase \$
Operations	2.84%	515,000
Pensions	1.21%	219,000
Debt Service	-0.14%	-26,000
Total Increase	3.91%	\$708,000

The FY 2018 tax levy increased by 3.95%.

The Village can control the Operations portion of the levy which includes salaries and benefits (other than pensions for sworn police and fire), contractual expense, commodities, and recurring capital

2019 Fee Schedule

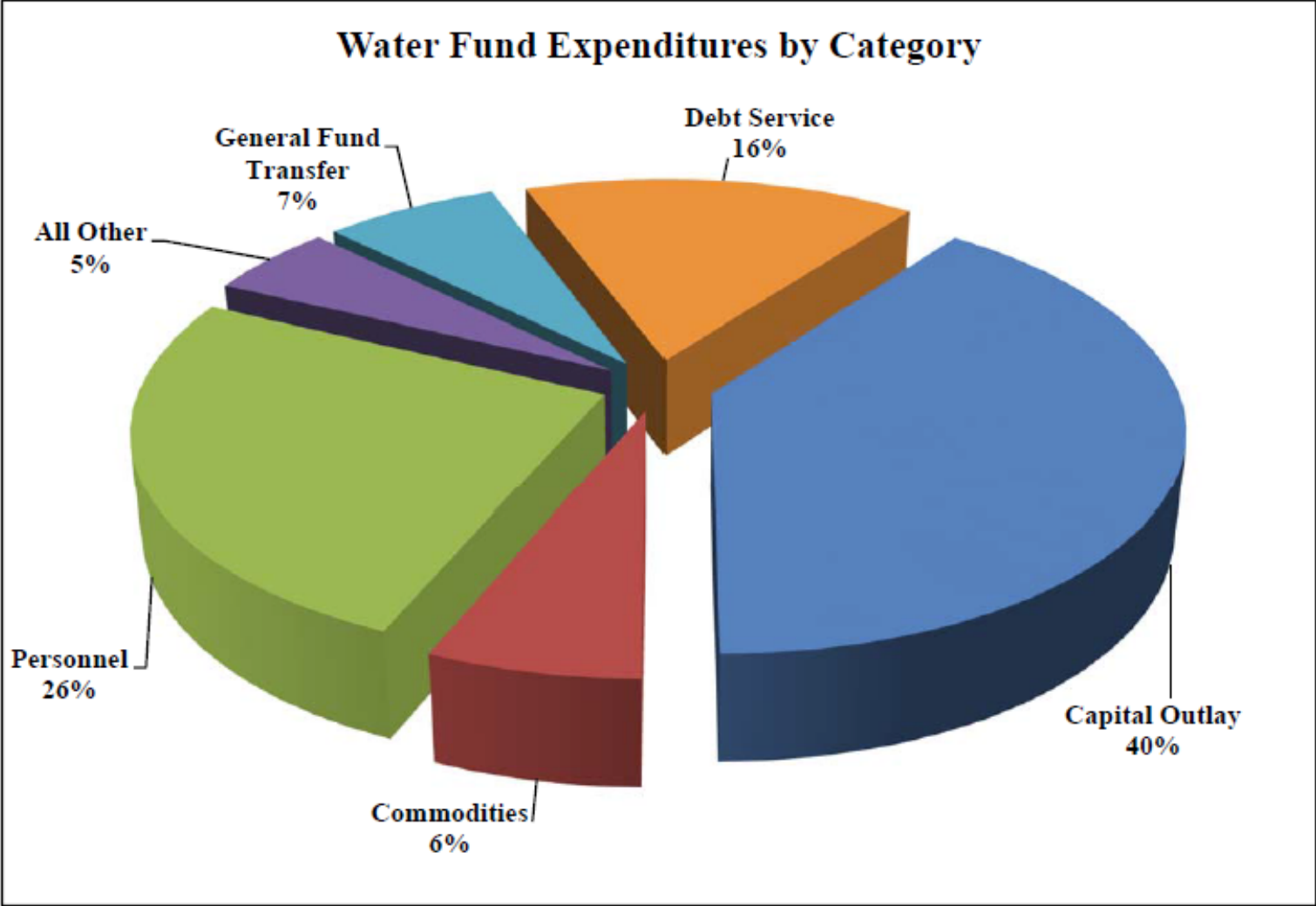
- The solid waste fee funds 100% of solid waste program costs
 - In 2015 the Village renegotiated its refuse contract for a projected \$2 million savings through 2020
 - The revised contract reduced the Village's expense by 2% in 2016, held the expense flat in 2017, and will increase by CPI moving forward
 - While the contract cost is projected to increase by 1.9% on 1/1/19, the overall program budget is currently projected to increase by 1.0%
 - Rec'd 2019 solid waste fee: \$24 per month (1% increase)
 - This is an annual increase of \$3
- There are no other fee increases recommended in the General Fund for FY 2019 (building permits, vehicle stickers, etc.)

2019 Fee Schedule

- In June, the Finance Committee reviewed a number of potential new revenues as a way to reduce the property tax levy increase including:
 - Ridesharing tax
 - Self-storage facility tax
 - Liquor consumption tax
 - Food and beverage tax
- The Committee determined that while a ridesharing tax may be a revenue source to consider, discussions regarding new revenues should be deferred until there is more clarity on the property tax levy increase

Water Fund

Water Fund



Revenues & Expenses- Water Fund

Revenues	2018 Budget	July YTD Actual	YTD % of Budget	Where should we be YTD?	2018 Year-End Projection	
Residential Water Sales	3,292,800	1,551,802	47%	50%	3,142,800	↙
Wholesale Water Sales	5,397,000	3,079,122	57%	57%	5,435,000	↗
Other	190,000	151,289	80%	41%	185,000	↙
Bond Proceeds	5,000,000	-	0%	0%	600,000	
Total	13,879,800	4,782,214	34%	54%	9,362,800	

Expenditures	2018 Budget	July YTD Actual	YTD % of Budget	Where should we be YTD?	2018 Year-End Projection	
Regular Wages	2,498,775	1,424,572	57%	59%	2,454,000	↙
Overtime	71,800	56,832	79%	56%	77,900	↗
Benefits	1,042,955	573,051	55%	61%	956,000	↙
Contractual	462,870	324,728	70%	57%	589,770	↗
Commodities	913,825	474,682	52%	58%	883,660	↙
Capital	571,000	97,295	17%	34%	399,085	↙
Debt Service	2,243,500	191,940	9%	22%	2,243,500	
Transfers	1,000,000	-	0%	0%	1,000,000	
Others	276,725	191,942	69%	67%	273,980	↙
Capital - Bond	5,000,000	24,481	0%	62%	600,000	
Total	14,081,450	3,359,525	24%	42%	9,477,895	

2019 Water Fund CIP

- The following water projects will be included in the FY 2019 budget as funding permits:

Project	Category / Page #	Budget (\$)	Project	Category / Page #	Budget (\$)
Electrical Improv.	Water P. 2	5M	Main Repairs	Water P. 48	42,000
Main Replacement	Water P. 51	1.8M	Meter Replc	Water P. 39	88,000
Treatment Improv.	Water P. 6	40,000	Vehicles	PW Vehicles	184,000
Instrumentation	Water P. 10	40,000	Valve Imprv	Water P. 46	67,594
Elect. Imp Phase 2	Water P. 13	220,000	Surge Suppressors	Water P. 53	17,500

*The water main replacement (Locust and Lake Ave.) will be funded through bond proceeds

Vehicles include Front End Loader, Small Dump, Pick-Up (2), Meter Shop Van

Water Fund Reserve Policy

- The 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 shall be met in the 3-year cash flow projection
 - An annual General Fund transfer of approximately \$1M is to be made
 - Water main replacement to begin in 2020/21 (Est. cost of \$1.3M)

	2017 Year End Actual (\$)	2018 Estimated Reserve (\$)
Reserve	3,506,000	3,390,000
Recommended Minimum	1,761,400	1,776,000

Water Rate History

- The Village has worked diligently since 2012 to limit residential water rate increases:

History of Water Rate Increases						
2012	2013	2014	2015	2016	2017	2018
None	None	None	None	5%	None	2.7%

- Consumption, and thus revenues, are significantly dependent on weather; since 2012 average quarterly consumption has ranged from a high of 37 units to a low of 31
 - This is a \$400,000 differential in residential water revenue

Water Fund- New Revenues & Expenses

- Since 2016, new wholesale customers (Kenilworth/Golf; North Maine in 2020) have been added, eventually increasing wholesale volume by 40% with a projected \$1.3M in new net revenue beginning in 2020
- However, continued investment in the water plant and the Village's distribution system is necessary, regardless of new wholesale customers:

Project	Year	Project Cost
Water Plant Electrical Improvements	2018 - 2020	\$8.975M
Locust, Lake & Central Water Main Replacements	2019 & 2020	\$3.7M
Annual Water Main Replc. Program	2020	Goal of \$1.3M annually; will need to be less
Water Main Intake	2022	\$14.7M

Water Rate Projections

Current Rate	2019 Projected Rate	2020 Projected Rate	2021 Projected Rate	2019 & 2020 Increase
\$2.68/ccf	\$2.75/ccf	\$2.75/ccf	\$2.83/ccf	2.7%

A 2.7% change equates to approximately a \$10 increase in the annual residential water bill.

Water Rate Survey

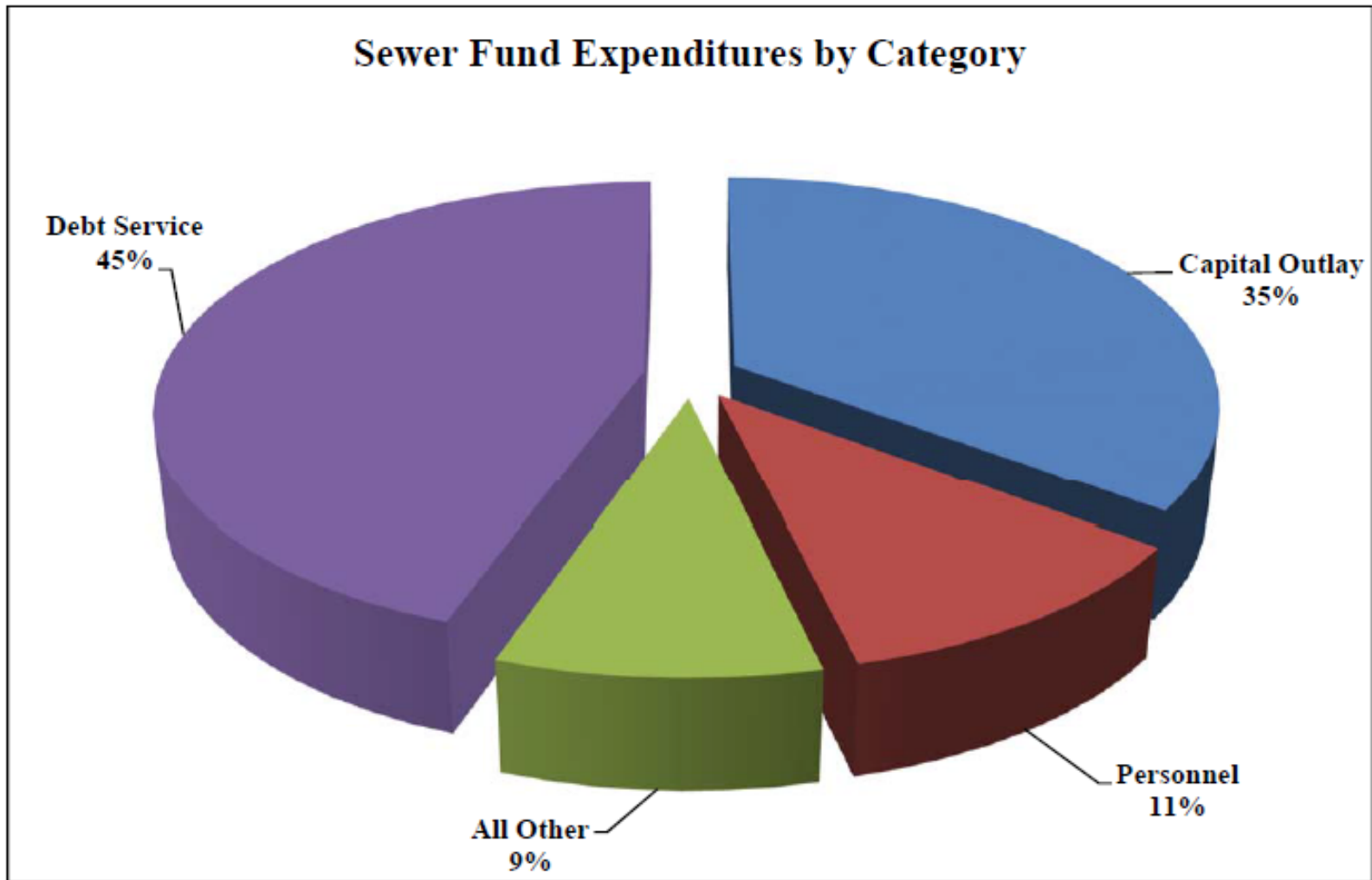
Municipality	Water Rate	Sewer Rate	Additional	Combined Rate
Kenilworth	\$ 5.41	\$ 0.75	\$ 2.61	\$ 8.77
Northfield	\$ 6.26	\$ 2.48	n/a	\$ 8.74
Deerfield	\$ 4.59	\$ 3.39	n/a	\$ 7.98
Winnetka	\$ 3.66	\$ 1.60	\$ 2.44	\$ 7.69
Park Ridge	\$ 5.95	\$ 1.11	\$ 0.59	\$ 7.65
Wilmette	\$ 2.68	\$ 4.24	\$ 0.03	\$ 6.95
Glenview	\$ 5.07	\$ 1.02	\$ 0.76	\$ 6.85
Lake Forest	\$ 4.52	\$ 0.87	\$ 1.36	\$ 6.75
Glencoe	\$ 4.50	\$ 1.03	\$ 0.90	\$ 6.43
Evanston	\$ 2.47	\$ 3.66	n/a	\$ 6.13
Northbrook	\$ 4.39	\$ 1.69	n/a	\$ 6.08
Highland Park	\$ 2.26	\$ 1.30	\$ 0.95	\$ 4.51
Skokie	\$ 4.27	\$ -	n/a	\$ 4.27
Average	\$ 4.31	\$1.93*	\$ 1.21	\$ 6.83

Rates displayed in \$ per 100 cubic feet

* Does not include Skokie

Sewer Fund

Sewer Fund



Revenues & Expenses- Sewer Fund

				Where	
Revenues	2018 Budget	July YTD Actual	YTD % of Budget	should we be YTD?	2018 Year-End Projection
Residential Sewer Charges	5,082,900	2,360,282	46%	47%	4,932,900 ↙
Other	-	-	0%	0%	-
Bond/Loan Proceeds	1,970,000	1,877	0%	26%	1,080,000 ↙
Total	7,052,900	2,362,160	33%	25%	6,012,900

				Where	
Expenditures	2018 Budget	July YTD Actual	YTD % of Budget	should we be YTD?	2018 Year-End Projection
Regular Wages	588,000	320,252	54%	59%	552,000 ↙
Overtime	22,375	14,826	66%	59%	24,200 ↗
Benefits	243,615	125,070	51%	61%	212,495
Contractual	478,250	158,745	33%	27%	563,400 ↗
Commodities	91,750	50,348	55%	59%	86,800
Capital	619,270	-	0%	50%	549,855 ↙
Debt Service	3,447,000	844,762	25%	22%	3,247,000 ↙
Other	121,810	70,084	58%	60%	121,530
Capital - Debt	2,100,000	(0)	0%	45%	1,210,000 ↙
Total	7,712,070	1,584,089	21%	37%	6,567,280

2019 Sewer Fund CIP

- The following sewer projects will be included in the FY 2019 budget as funding permits:

Project	Category / Page #	Budget (\$)
Sewer Lining*	Sewers P. 5	1,970,000
Neighbor. Storage	Sewers P. 13	1,900,000
Sewer Repairs*	Sewers P. 7	327,500
Sewer Maint.*	Sewers P. 9	266,700
Facility Plan	Sewers P. 11	85,000
Electrical Imp.	Sewers P. 2	20,000
Vehicles	PW Vehicles	110,000
Smoke Testing	Sewers P. 15	60,000
Rain Ready Prog.	Sewers P. 23	72,500

- Projects with an asterisk (*) are recurring annually and are built into prior cash flow projections
- Sewer lining is funded through an IEPA low interest loan
- Vehicles include the following:
 - Front End Loader (1/3 of cost)
 - Pick-up Truck (1/2 of cost)
 - Small Dump Truck (1/2 of cost)

2019 Sewer Rate

- There is no increase anticipated in the sewer rate for 2019

Current Rate	2019 Projected Rate	Increase
\$4.24/ccf	\$4.24/ccf	No operating increase

- The Stormwater Utility Feasibility Study is underway with results expected in early 2019
- An increase in the sewer fee or implementation of a stormwater utility will be required in 2020 to begin debt service payments associated with the approved Neighborhood Storage Project

Sewer Fund Reserves

	2017 Year End Actual (\$)	2018 Estimated Reserve (\$)
Reserve	3,067,000	2,645,000
Recommended Minimum	1,016,600	1,016,600

When the sewer rate was increased by \$0.80 in 2014/15 for the Sewer Improvement Program, it was intended that the reserve be drawn down over time to pay the debt service

- Due to additional sewer expenses paid from operating funds, the sewer rate will have to increase in future years

Next Steps

- 2018 Budget presented on October 9th
- Budget Workshop on October 30th
- Additional Budget Workshops if necessary in early November
- Budget Ordinance adopted in November
- Tax Levy Ordinance adopted in December