

Minutes

Village of Niles

Finance Committee Meeting

Remote Participation, Zoom
April 22, 2021
9:00 am

Call to Order

Chairman George Alpogianis called the meeting to order at 9:02 am.

Roll Call

Assistant Finance Director Laurie Nannini called the roll for Committee Members:

Committee Members Present: Chairman George Alpogianis, George Van Geem, Jack Drexler, and Alan Weel

Committee Members Absent: Joseph Ori

Others Present: Acting Village Manager Hadley Skeffington-Vos, Assistant to the Village Manager Kathy Thake, Finance Director Kent Oliven, Assistant Finance Director Laurie Nannini, Director of Economic Development John Melaniphy, Management and Budget Analyst Conor Schultz, and Administrative Assistant Joy Athanasiou

Old Business

None

Approval of Minutes

The regular minutes from the February 19, 2021 and March 2, 2021 Finance Committee meetings were presented for approval. A motion was made by Jack Drexler, seconded by George Van Geem, to approve the minutes. On roll call, all concurred.

Accounts Payable Approval

The Accounts Payable registers for 2021- 2/19, 2/26, 3/5, 3/12, 3/19, 3/26, 4/2, 4/9, 4/16 were presented for approval. A motion was made by George Van Geem, seconded by Jack Drexler, to approve the Accounts Payable registers. On roll call, all concurred.

A request was made to remove New Business item #2, a Class 7b License Consideration, from the agenda at the request of the applicant. A motion was made by Al Weel, seconded by Jack Drexler. On roll call, all concurred.

New Business

Resident Utility Appeal

Assistant Finance Director Laurie Nannini presented a leak relief request for the resident at 8105 Prospect Court. The resident had his new automatic meter installed on March 12, 2020. Prior to that, the resident was providing meter reads regularly that were consistent over a period of time. The first automatic reading taken by the Village was on August 4, 2020 due to an unforeseen delay. After that read, there was a large spike in the usage number on the resident's water bill, almost triple the amount on the prior bill. Since then, the usage has come down to be consistent with the reads given prior to the meter change. The resident stated he did not have a leak and did not use extra water during that time, which was consistent with his account billing history. After discussion, the Committee agreed to offer assistance to the resident.

A motion was made by Al Weel, seconded by Jack Drexler, to issue a one-time credit to the resident's account in the amount of \$150.00. On roll call, all concurred.

FY22 Draft Budget Discussion

Finance Director Kent Oliven began the FY22 Budget discussion with a brief overview of the funds that require special attention during this coming year. Mr. Oliven stated the Fitness Fund has operated at a deficit for a number of years, a problem that has worsened due to COVID-19 and the decline of

classes and memberships. During the Budget Workshops, a five (5) year plan was presented which would still show losses for the next three (3) years. The losses for FY22 are budgeted at \$774,389.00. The Fitness Fund ends each year with a \$0 balance with funds transferred from the General Fund, which is a quarter of the General Fund's current budgeted deficit.

Mr. Oliven stated the Automotive Fund has a two (2) year plan to invest in their fleet. The Public Works Department has several vehicles that are in poor condition and have not been replaced in over a decade. The older Public Works dump trucks will be replaced over those two (2) fiscal years (FY22 and FY23) with multi-function vehicles that can be used all year round, reducing the overall number of dump trucks. Mr. Oliven said the Automotive Fund did not spend money in FY21 and is sitting on remaining proceeds from a loan that was previously taken out for the purchase of a Fire Pumper that was paid for with cash instead. He believes the Village will benefit from having a long-term investment in these multi-function trucks. Mr. Oliven also noted that because this investment plan is being spread out over two (2) years, the remaining vehicle purchases will be brought back before the Finance Committee and the Village Board again next year.

Mr. Oliven gave a brief overview of the Water Fund, stating it has been subsidized for many years by Aqua Illinois, a company that had been purchasing 40% of the Village's water. He said Aqua Illinois ceased to be a customer last summer, which is a problem because despite the loss of revenue, the Village must still maintain all Water Fund employees, pipes, and equipment. Mr. Oliven noted there has not been an increase in water rates in almost six (6) years and the sewer rates have not been increased in seven (7) years. He stated that given the loss of the largest customer who had been subsidizing the system and rates that had been frozen for many years, a larger than normal increases in water and sewer rates are needed. Finance Director Oliven added that the Water Fund will lose millions of dollars each year until these rates are adjusted.

In addition, a portion of sales tax from cannabis and video gaming was being diverted to stormwater but will now be moved entirely to the Police and Fire Pension Funds. Mr. Oliven stated the application for the new IEPA loan to fund stormwater components of the Golf Mill Park project has been submitted. But with the loss of the sales tax revenue and Aqua Illinois, the IEPA may reject the loan on grounds that the Water Fund is not generating enough revenue to pay the new loan. He reiterated the need for a significant increase in water and sewer rates in the near future.

Mr. Oliven recommended that the Village consider separating stormwater issues from the Water Fund. He noted that setting up a separate stormwater utility account could provide a dedicated funding source for stormwater projects, something that is not happening now.

Mr. Oliven changed the conversation to the General Fund. He stated that at the beginning of the budget process, the General Fund was out of balance by over 8 million dollars. Following revisions, as of the date of the meeting the General Fund is 3.3 million dollars out of balance. There were a number of reasons for the change. First, there was a 2.2 million dollar mistake discovered in two (2) prior audits that had to do with sales tax accruals; that correction improved the deficit by increasing budgeted revenues. Second, new taxes on cannabis and video gaming were applied. Lastly, there were various departmental cuts. Some of the larger cuts include repaving the parking lot at the Senior Center and kitchen remodels at the Senior Center and Public Works buildings. Management and Budget Analyst Conor Schultz continued highlighting additional cuts. He said the Fitness Fund was able to cut more than \$300,000 in wages by rescheduling activities and programming.

Mr. Oliven added that the Fitness Fund will still have a \$775,000 deficit and that general taxpayer money from the General Fund will subsidize the fund to make up that deficit in the upcoming year. He stated the Fitness Center is

planning to increase membership fees by five dollars (\$5) per year, as part of their proposed five (5) year plan.

Mr. Schultz discussed a few Capital Projects in Public Works and Water that were delayed a year due to the pandemic. These include the multi-modal path construction, streetscape projects, and the Golf Mill/Greenway stormwater project. Budget cuts, as currently proposed, include bike lane markings for \$50,000 and holiday decorations at the leaning tower for \$60,000.

Mr. Schultz also stated that most of the departments' budgets are smaller compared to last year. The departments that had a budget that increased, such as Police, Fire, and Public Works, are due to costs outside their control, such as pension contributions or personnel costs.

Mr. Oliven stated that the Public Works Department had a street quality study done a couple years ago showing the current condition and the expense to maintain the streets. The internal update to the external recommendation from the study was to float an \$18.7 million bond which would get us to a level 65 on a 0-100 PCI scale. He stated current Motor Fuel Tax (MFT) revenue was not enough to maintain that 65 rating, so the upcoming Revenue Enhancement Document will discuss ways to maintain that amount, which would likely include a property tax increase.

George Van Geem posed several questions on specific budgeted items. Staff addressed several questions and will follow up with additional answers. There was discussion on additional budget cuts and revenue ideas. Mr. Oliven stated that the Village's budget deficits cannot be solved with just expense cuts, there must be new revenues as well. He said the sooner more revenues are imposed, the faster we can address some of the long-term budget issues, as well as lower the overall taxpayer cost. Mr. Oliven said that discussion of the Revenue Enhancement Document should begin at the next Finance Committee meeting.

Other Business

None

Public Comments

None

Executive Session

None

Adjournment

A motion to adjourn was made at 10:20 by Jack Drexler. Seconded by George Van Geem. On roll call, all concurred.