

**Finance Committee of the Village Board
Thursday, October 18, 2012**

APPROVED MINUTES

I. Call to Order

The meeting was called to order at 7:10 pm

Trustees Hedges, Brewer and Tucker were present. President Pope was present.

Also in attendance: Cara Pavlicek, Interim Village Manager, Lisa Shelley, Deputy Village Manager, Craig Lesner, CFO, James Harris III, Budget & Financial Manager and Housing Programs Manager Tammie Grossman, Business Services Manager Loretta Daly

II. Minutes

Minutes from the September 6, September 11, September 24 and October 3 meeting were approved. Ayes: all. Nays: none. Motion carried.

III. Public Comment

There was no public comment.

IV. New Business

Interim Manager Pavlicek provided an overview of the proposed funding for Partner Agencies. Staff held two meetings with each Partner Agency in advance of developing the Manager's recommended budget and then a third meeting after the Manager's recommendation was completed.

Oak Park Area Arts Council

Staff liaison Loretta Daly reviewed the recommended budget. The mini-mural program is funded in the CIP budget. For the mini-mural program, although highly successful staff is recommending only \$10,000 of the \$20,000 requested in order to stay within certain fiscal restraints.

The Executive Director of the Oak Park Area Arts Council provided comments to the Finance Committee. She spoke about the success of the mini-mural program and the demands on her for coordination of this program. In 2012, fifteen murals were completed. The Arts Council explained the selection process (by a jury panel) and stated that 66 applications were received in 2012. President Pope mentioned that he thought the Village Board wanted to do more murals this year and therefore the proposed cuts may create some tension with prior Board direction. Trustee Hedges noted the difficulty in all of the budget recommendations because of competing interests. Trustee Hedges was inclined to stay with the Manager's recommendation assuming there was a logical process to this budget and is hesitant about changing the numbers. Trustee

Tucker thought there were some recommendations he would like to tweak related to all of the Partners and asked President Pope on a process for this discussion.

John Troelstrup addressed the Committee on behalf of the Oak Park Area Arts Council and his observations on the success of the program overall and the positive public feedback from his contacts in the suburbs as well as Chicago.

The Finance Committee decided to wait until the end of the discussion to make final recommendations regarding the Partner requests for additional funds above the current recommendations in the draft budget.

Regional Housing Center

Staff liaison Tammie Grossman reviewed the Housing Center's budget and services to the Village. She stated that they do expect to see an increase in rental market again in 2014.

The Executive Director of the Regional Housing Center provided comments to the Finance Committee. He noted that they recorded a 15% increase ahead of last year in terms of moves to Oak Park to improve integration. He noted the cost of marketing goes up every year and the budget remains the same. He mentioned the cuts to CDBG expected again. He noted an increase funding request in 2013 over 2012 dollars received from the Village and that without his additional funding requested, he would expect to cut ½ of an FTE position.

President Pope noted that the Regional Housing Center is clearly one of the most important services in the Village. Trustee Tucker asked about the counseling services.

Oak Park Area Convention and Visitors Bureau

Staff liaison Loretta Daly provided an overview. This Partner Agency historically receives the hotel motel tax from Oak Park and any shortfall is supplemented from the general fund. Trustee Hedges said he would rather see the Partner funded at a comfortable level this year and not wait to see if there is a shortfall.

The CEO of Visit Oak Park provided comments to the Village Board. He stated that he thinks the contribution from the general fund is lower than it has ever been. He mentioned that they lost their staff expertise on marketing and last year primarily contracted out to the former Executive Director of Visit Oak Park. He wanted to cease that practice going forward and hopefully that additional money would be allocated for marketing.

President Pope asked what other funding sources they use. Trustee Hedges asked about the state funding and the status. The CEO explained that some of the money from the state is definitely earmarked for them (about \$100,000 via the hotel-motel tax) and they will get it eventually. Some state money coming from the general fund of the State (about \$50,000) is past due and it is unknown when they will receive that money.

President Pope asked if they can share marketing with other agencies. The CEO explained that they market 50 or more miles to bring people in 21 community area and therefore agencies such as DTOP serve a different need but Visit Oak Park will take a look at options. President Pope asked about the total budget over the last few years (revenues and expenditures); where have been new initiatives, the level of outreach, etc.

Oak Park Development Corporation (OPDC)

Staff liaison Loretta Daly reviewed the recommendation. The President of OPDC provided comments to the Finance Committee. She stated that OPDC came in with a 1% decrease then asked for new programs (green business support, business incubator) but the staff recommendation doesn't include either of those new programs at this stage. She talked about the cost of the loan programs; the 9.6% recommended reduction in administrative support funding; and the loss of 4 banks over the years.

President Pope noted that it seemed appropriated to defer funding for the green business program this year until it is more fully developed and asked to hear more about the business incubator program. The President of OPDC spoke about the program being an outcome of their strategic plan. They requested \$40,000 for the program and hope to get another \$30,000 from other sources. The money will be used to negotiate favorable rents, private offices or desks for entrepreneurs with technical support with the goal of having a common place for them to work and network. President Pope added that he thought this program may be a positive program for the community. This program maybe is a separate conversation with the Village Board later. In the meantime if the Board can get more information on the ramp up time, return on investments and more information on other programs such as Evanston's program which is deemed to be very successful.

Oak Park Residence Corporation

Staff liaison Tammie Grossman reviewed the budget. The small condo program is a very successful program. Trustee Hedges noted its success also and asked about what it would take to expand the program.

The Executive Director reviewed the history of the program and how it started with a boom in condo conversions. If we want to expand we would need to have additional staff. Currently the program is run with some excess capacity in our management staff; if we expand we would need to hire new staff.

Trustee Hedges emphasized again that he would like the Board to look at this area, and if there is some way to expand over the next year (2014). President Pope asked how many more they could service with an expansion. The Director mentioned that if they expanded the program they might market it differently. Currently it is word of mouth or some OP/FYI articles to keep it low-key because of the small program. Tammie Grossman, Housing Programs Manager, also stated she gets 1-2 calls about condos a day and noted her department does run a training program on this and works with ResCorp.

Housing Authority

Staff liaison Tammie Grossman reviewed for the Committee a staff recommendation regarding new funding for the Housing Authority. It was noted that from 2008-09 the Village was funding the administrative shortfall from the federal government. In 2010-12, the Village declined to fund the shortfall that resulted from Federal funding cuts to Housing Authorities. A detailed discussion was held regarding the national changes that have result to smaller, local housing authority as a result of reduced federal funding and the trend to close local authorities and turn over program administration over to County wide programs (e.g. Cook County.) Staff and the Housing Authority talked about the likelihood that this will occur in Oak Park in the future

without changes and how this may be detrimental to Oak Park as there would be no careful or no affirmative marketing component or affirmative moves. The Housing Authority noted that currently there is more than a 10% gap in administrative funding and a \$20,000 operating deficit. They expect next year to be far worse. Many other small housing authorities have the same issue. In addition, currently there is a local residence precedent to those who work or live in OP and that will be lost if the program is turned over to Cook County.

It was proposed that the Village allocated funding to fill the gap using the affordable housing funds from Whiteco for one-year to allow for the Village to work with the Housing Authority to come up with a joint inspection program of units. This could be a win-win for both entities. Options to consider would be the Village absorb 500 inspections that the Housing Authority does now by contract and eliminate double-inspections by both the Village and Housing Authority. Alternatively, the Housing Authority could be the service provided. Interim Manager Pavlicek added that it is recommended the review be done in 2013 to plan for 2014 as there is not the ability for staff to make a full evaluation in 2012. Trustee Hedges added that outsourcing may be an opportunity to be more efficient too.

Collaboration of Early Childhood

Interim Manager Pavlicek stated that this agency has not been classified in the traditional sense as a “Partner” so they were not asked to attend tonight’s meeting. This agency is in the midst of long term planning for program growth and as this dialogue, which includes Village representation. If the Committee wants time later to review again as the Collaboration evolves the program over the next few months, that is an option too. Since this planning process may not conclude by the projected December 10 budget adoption, the amount of recommended funding may be modified. It is anticipated that the Village will enter into an agreement for early childhood services in partnership with other entities with a specific defined scope of services.

Trustee Brewer added that the Collaboration is looking at a long range number for continued funding over the next 3-5 years. In November of this year the Board is invited to an economic analysis of an early childhood program on November 14 at the Unity Temple.

CDBG

Interim Manager Pavlicek stated that as previously discussed at the Finance Committee, in 2014 staff will begin the CDBG process at the Village Board with a referral of anticipated funding to the CDCAC. In addition, a protocol for how to address funding cuts is also needed by staff. President Pope offered the suggestion to consider only funding at an 80 or 90% level and then if we get more from HUD there is no need to cut the sub-recipients. The Housing Center noted that it has been inconsistent over the years – some years they get more in Admin dollars, sometimes more in Public Service. Trustee Hedges asked for fresh look at the process.

Related to the current CDBG recommendations, staff will bring back a recommendation for the next meeting on how to resolve the current gap.

There was additional discussion regarding OPDC and the Committee asked for Village staff to identify what level of fund balance is appropriate for an organization to carry in relation to the Village’s funding of the organization.

The Finance Committee then wrapped up with the following recommendations to revise the draft budget as follows:

- Oak Park Area Arts Council funding will include \$20,000 for mini-murals (in the CIP) for total funding General and CIP of \$139,750.
- Visit Oak Park/Oak Park Area Convention and Visitors Bureau - total Funding of \$225,000 (\$155,000 from Hotel Motel Tax and \$70,000 General Fund support). Increase to partially fund marketing position.
- OPDC – Total General Fund support for operating costs of \$300,000 plus Madison TIF Funds for grants of \$50,000 and General Funds for grants \$30,000. Total Funding \$380,000.
- Housing Authority – agreed to fund via the affordable housing funds from Whiteco of \$25,000 (one-year only to allow for evaluation of consolidated inspection services.)
- Regional Housing – Total General Fund support of \$425,000. CDBG Funding separate and in addition.

Interim Manager Pavlicek noted that that due to the hour, with the Committee's concurrence, the Fund Balance information could be independently reviewed and any questions addressed at the next meeting.

With no further business, at 9:47 p.m. Trustee Tucker made a motion to adjourn that was seconded by Trustee Hedges. Ayes: all. Nays: none. Motion carried.