

APPROVED Finance Committee of the Village Board Minutes
Thursday, October 23, 2014
6:30 pm Room 130

APPROVED MINUTES

Call to order 6:34 p.m.

Present were members of the Finance Committee, Trustees Brewer, Salzman and Tucker (6:35)

Absent: President Abu-Taleb

Staff in attendance included Village Clerk Powell, Village Manager Pavlicek, Deputy Village Manager Shelley, Village Attorney Stephanides, Village CFO Lesner, Public Works Director John Wielebnicki, Acting Village Engineer Bill McKenna, as well as Larry Thomas and Debra K. Mathias of Stanley Consultants, Inc.

The minutes of the October 9, 2014 Finance Committee meeting were approved as submitted.

Public Comment

Township Supervisor David Boulanger discussed the value of maintaining local adjudication for youth offenders and suggested improvements to the process.

Dr. Robert O'Hara referenced a petition submitted earlier for repair of the alley between the 300 S. blocks of Humphrey and Taylor Avenues and requested to see the Public Works priority list for alley repair. Trustee Tucker commented that plans are being considered to expedite alley repair in order of priority.

New Business

A, Review of Water/Sewer Fund: Water Rate Study

Manager Pavlicek introduced consultants Larry Thomas and Debra K. Mathias of Stanley Consultants, Inc., which has conducted a water rate study for the Village.

Director Wielebnicki noted that this year's focus has been on repairs caused by this year's harsh winter rather than on capital improvements. Increases in fees are needed to maintain water and sewer services as well as to reflect increases in water rates of 15% this year and five percent in future years. Capital expenditures are included in the rate proposal, along with increased utility costs and employee salaries. Another factor is declining water use, which reduces revenues.

The current rate structure is uniform for water and sewer costs. There is a fixed minimum charge of \$2 per month when no water is used (as when residents are away). The cost charged to residents is higher than the rate paid to the city of Chicago for several reasons. Volume of

water is reduced by 14% due leakage within old infrastructure, street cleaning and other Village uses. The Village is currently tracking “pump to bill” ratios to identify locations of leaks. Salaries, benefits, and contractual services are also included in the total cost of water and sewer services. Fees cover operations but are not sufficient for capital improvements.

Proposed fee change alternatives were presented. This would include a flat fee of \$5 or \$10 per month plus usage. The proposed rate increases are based on the cost of services provided. Mr. Thomas explained that use reductions require a flat fee method which can cover fixed costs of providing water service. These two methods differentiate low, medium and high water users with the \$10 flat fee impacting low users more and the \$5 flat fee impacting high users.

Manager Pavlicek explained the need to plan ahead for infrastructure repairs and other needs. A budget recommendation is needed in two weeks, with final adoption by December 3. Trustee Salzman asked if there was a five year plan. Manager Pavlicek said there was not, as there are different approaches. Trustee Salzman suggested that these changes could aid the current bond rating. Trustee Tucker recommended the \$5 minimum fee and the five year plan proposed.

Trustee Brewer asked about additional recommendations in the report. Mr. Thomas explained that in addition to a \$5 flat fee there is an option for variable fees based on meter size. Manager Pavlicek noted that she had worked in other municipalities that differentiated based on commercial versus residential and that it had a significant impact. Trustee Tucker asked how many would be impacted by the larger meter size; there would be about 500 accounts, versus 12,000 smaller users. The variable rate could be raised to \$10 for the larger meters, or in proportion to the meter size. Trustee Salzman asked how this would impact current debt in this fund. Manager Pavlicek said that it would eliminate this debt, build reserves and cap costs.

Director Wielebnicki said that current expenditures of \$160,000 would rise to \$2 million for needed repairs in the future. Large repair projects to replace sewer mains are planned over five years and the fund balance will need to grow to cover them. Mr. Thomas noted that the projection is for a \$2.2 million fund balance in five years.

Manager Pavlicek noted that a technology upgrade is needed within 12-24 months to allow for monthly billing. Director Wielebnicki added that this will also aid in-field water conservation. CFO Lesner said that monthly utility billing will be a key element and he will begin the RFI/RFO process soon. Engineer McKenna will be working with Director Wielebnicki on capital plans.

With the current system small residential users pay at the same level as large commercial users. Ms. Mathias noted that a fixed fee billing system is helpful when large tax-exempt institutions are not contributing to taxes, but do pay utility costs.

B. Review of Capital Fund

Manager Pavlicek noted under the Equipment Replacement Fund topic that the Civic Information Systems Commission, Information Technology and Development Customer Services Departments through the Oak Park 2.0 technology plan are upgrading permitting and licensing.

This is a big ticket item which will be covered in detail at a later date.

Mr. Wielebnicki noted that the Capital Improvement Fund as a parent fund is allocated to various smaller funds including building improvement, fleet and equipment. Certain vehicles are funded through the water department as they are used by that Enterprise Fund, and some RICO funds are used for equipment. The Parking Enforcement Officers are getting upgraded software. Alley repairs cost \$2.8 million, with 100,000 of this through CDBG grants.

The challenges of delayed approval of funding for street and alley repairs means that surveys cannot be done until spring and bids do not go out until July, putting the Village at a disadvantage over other communities which do bids earlier in the cycle. This has caused delays in scheduling repairs which have conflicted with the opening of the school year. It was recommended that the engineering for future projects be authorized to be done in June/July so that bids could go out in the fall for more competitive pricing on projects.

Some projects have been moved to 2015 including Harrison Street lighting, traffic signals at Washington and Wisconsin (delays due to IDOT funding) as well as trees, striping and patching.

Manager Pavlicek noted that on November 3 there will be items for engineering to begin contracts for 2015. In June/July 2015 the CIP document will begin a five year capital improvement process with Year 1 (2016) in December and no need to review this again. The policy recommendation is to spend consulting money for Year 1 in advance (2015) so that by 2016 the schedule will shift as described above. Director Wielebnicki noted that this will work better. Public Works is interviewing consultants for a three year contract, rather than year by year. Manager Pavlicek added that overhead costs will go down and there will be fewer weather delays.

Director Wielebnicki noted building improvements, including repairs to police underground parking and replacement of the Village Hall boiler. Manager Pavlicek explained that TIF funds can be used for the police parking repairs with Board authorization by January. Additional repairs will be needed in the coming years to Village Hall facilities. Trustee Salzman asked if this would include aesthetic considerations; Manager Pavlicek noted that newer workstation designs, painting, landscaping and related improvements will cost \$150,000 this year and the same amount in the coming year. Additional signage and clearer signage is planned.

Trustee Brewer asked about plans regarding the gun range. Manager Pavlicek reported that Triton is working to host a number of municipalities in their district with Cook County through an IGA for municipal use with annual fees. At least ten municipalities will need to sign on for a good price. Director Wielebnicki explained that the chiller system is being used to improve air quality for the current gun range for alternate use of the space. Director Wielebnicki reported that Oak Park was just notified that Chicago would be repaving Austin Boulevard on Saturday. Director Wielebnicki noted that our process yields better results and longer life expectancy. The Board directed staff not to participate at this time.

Director Wielebnicki reported on repairs to the injector pit (sump pit) at Village Hall and the urgent need to rebuild it as a portion of the foundation is involved. The cost will be \$10,000 to \$22,000 instead of doing the window project. For \$27,000 this can be done now; it will be on the November 3 or November 17 agenda.

Director Wielebnicki reported that 23% of the fleet are beyond their useful life. Using the new MAP program this can be tracked over time.

Environmental Services Fund

Bids will go out in 2017 with a fund increase of \$3.3 million. This will impact the fund balance over time.

The October 27 meeting of the Finance Committee will consider Adjudication, Health, Engineering, A final Finance Committee meeting or the first Board Budget meeting will be scheduled for November 6.

Old Business

It was moved by Trustee Tucker, seconded by Trustee Salzman to adjourn the meeting.

Ayes: All. Nays: None.

The meeting was adjourned at 7:56 p.m.

SUBMITTED AND RECORDED IN THE OFFICE OF:

Teresa Powell, Village Clerk