

Finance Committee Meeting of Village Board
Tuesday, July 24, 2012

APPROVED MINUTES

I. Call to order 7:10 p.m.

Village President David Pope, Trustee Robert Tucker, Trustee Glenn Brewer were present. Trustee John Hedges joined the meeting at 7:30pm.

Also in attendance were Interim Village Manager Pavlicek, CFO Lesner, Budget and Finance Manager Harris, Interim Parking and Mobility Services Manager Velan, Public Works Director Wielebnicki and Village Engineer Budrick.

II. Minutes of June 25, 2012 were approved as amended. Motion by Trustee Tucker, seconded by Trustee Brewer.

III. Public comment - none

IV. New Business

A. Lake & Forest Public Parking Garage Financials

Interim Manager Pavlicek stated that the CFO wanted to talk to the Finance Committee about the timing certain issues related to the public parking garage planned for Lake & Forest and see if there are any other questions prior to going to bond council.

CFO Lesner reviewed several available options and one preferred option. First option, (1) go to the market now to lock in current interest rates or (2) bond later when construction of the project has begun. Option # 1, being prior to construction, we may have lower interest rates from the market however bond counsel has advised the issue will be taxable which increases rates since the land is under the control of the developer; in which case we could pay money during construction drawing from the bond. We would avoid paying the developer the cost of capital (estimates in the 5 or 6 % range greater than our cost of capital which estimates in the 3 or 4% range). The down side, if there are delays, we are paying interest on bond. Otherwise, Option #2, we could go to market now and defer payment to developer until after garage is done, in which case the Village buys it back but we still have carrying costs (interest rates may move higher in next 12 months) so maybe we should issue with lower interest rates now (if later, (#2) we could be under tax exempt status with lower interest rates but risk higher market rates).

Trustee Tucker asked explicitly, is our bond council unwilling to give an unqualified tax opinion? Yes or No? Is the entire legal analysis based on land-ownership issue? Trustee Tucker asked staff to pose the questions to him.

President Pope asked if we can get the information in advance of the next time we meet so we can review it. Interim Manager Pavlicek said she just wanted to hear where the Finance Committee was at today, and then will continue to talk to bond council and then go back to Sertus to see where they want to be. Trustee Brewer noted that with each option there is a cost to the Village; it should all be considered carefully.

The direction from the Finance Committee was to (1) provide a written financial analysis of the alternatives; (2) talk to bond council to see if he is willing to put in writing an unqualified tax option; (3) get Sertus feedback and (4) identify the risks.

E. Budget Amendment and Funding of a Deputy Village Clerk Position

Public comment was taken from the Executive Secretary in the Clerks Office who is currently the Interim Deputy Village Clerk.

Clerk Powell stated that the need for a Deputy Clerk was so that she (the Clerk) can access old records. If the current Interim Deputy Clerk were to leave, the Clerk said she would have hard time accessing information.

President Pope asked if the duties of the position was statutory or tradition? Does that structure continue to make sense? Does the Clerk and Manager think it makes sense? President Pope said it is the Village Manager's decision as to where functions reside in the structure of the organization.

President Pope continued to state that he would like to see the Clerk and the Manager on same page as to who is doing what. Questions about positions and filling positions are structural decisions and those should follow alignment of activities. People and positions follow the activities.

Trustee Hedges noted that there is a history of elected official working in the Village vs. the appointed official. Not in a bad way but a "tension among friends". There are responsibilities between the two positions and who decides; not sure we will ever come to the conclusion until the Board says this is the way it is going to be. However over the last 3 years, at the Manager's authority there has been movement in reorganizing the Clerk's Office and where best to organize the functions.

Trustee Hedges added that related to the Interim Deputy Clerk's position that she is underpaid; it is the Village Manager's responsibility to set the pay. The Village Board is the wrong person/group to address this. President Pope confirmed that the Manager is in control, even with the Clerk's Office.

Clerk Powell stated that she walked into an existing situation and she is not standing in the way of any decision or trying to circumvent the process; she just wants to know where to go and who to ask.

President Pope stated that taking this issue up again during the budget process seems to make sense.

Trustee Tucker stated that this issue has been moved around a couple of times already and so if there is a consensus between Clerk Powell and Interim Manager Pavlicek already they should just move forward.

Interim Manager Pavlicek stated that there are challenges with this request and at a time when there are competing needs. She wants to be empathetic with the elected Clerk for an unfunded position amendment; however with the budget process underway she hasn't seen the competing resources yet.

Clerk Powell said that she is fine with making a presentation as part of budget proposal to the Manager. She said that Interim Manager Pavlicek will make the best recommendation; and therefore I am ok with leaving it to her. I also will feel more comfortable to see it as part of the implementation next year – whatever the decision.

President Pope summarized that the Manager with input from the Clerk will make this as part of the budget and identify the services of the Clerks Office and how those services are funded.

Trustee Hedges said that if Clerk Powell can commit to the budget process than he is ok with this approach too.

D. Proposed Ambulance Fee Increases

Interim Manager Pavlicek introduced the item stating that this is a preliminary discussion leading up to budget process. She is looking for feedback prior to a first reading at a Regular Board Meeting.

Trustee Hedges asked D.C Klemm of the Fire Department to explain the history a bit and why this is an issue. DC Klemm stated that they (the Fire Department) are about to send out an RFP for billing and they would like to have the rates set before that time.

Trustee Hedges asked if there is a cycle of how often the Board should review these fees. Every two years, four years, etc ? Also, staff discussed what happens with those without insurance (approximately 10% recovery rate). Also Staff noted that traditionally the collection agency is only for non-residents.

President Pope noted that in looking at the West Central Municipal Conference, Oak Park is materially lower than the others.

Trustee Hedges asked if staff felt if anyone is ever hesitant to call for help? Staff responded "no".

Trustee Brewer clarified that is a number is missing on the chart provided, does that mean it's the same rate or that the rate is not available? DC Klemm said it means the same rate.

It was unanimous that the Finance Committee was in favor of moving this to a First Reading at the next available board meeting.

C. Direction on Development of a "Local Vendor" Purchase Preference Policy

Interim Manager Pavlicek said that she received a request from some members of the Board of Trustees for the Finance Committee to review the pros/cons of a local vendor purchase preference policy. She noted that some cities have it and some don't. The actual policy can range but in general, the cities that do have one say that the preference is up to 5% with a cap (i.e. \$1,000). She was looking for Finance Committee feedback prior to staff working on drafting options.

Trustee Tucker stated that he is fine with a policy such as this and would like to see a staff recommendation. He said the Village needs to do a better job of getting the word out when a bid or request for proposal is issued and ensure interested vendors are notified such as a system in which vendors can sign up for notification.

Trustee Brewer stated that he is ok with a local preference policy, and agreed with Trustee Tucker that we (the Village) can do more with letting people know when a bid or request for proposal is issues. Maybe consider using the Village's current business license database.

Interim Manager Pavlicek mentioned that the new web site will give the Village more capability to provide notice.

Trustee Hedges noted that with a decentralized purchasing approach it can be hard to control when there are multiple points of purchase. He said he doesn't know if we do this program now; we need to also look at quality, ability to serve- especially with services not products. This will require more thought. He said that he has a concern of asking tax payers to pay more. It will really depend on what the gap may be.

President Pope agreed that the Village needs to do a better job with notification when a bid or request for proposal is issued. If we let local vendors know with enough time to respond to our bids or request for proposals is important and can be beneficial to a local vendor, as opposed to a price differential, which you can't justify to the taxpayers. If someone wants to spend money in town, that is a personal decision but when we use public funds I think it is a different situation. Maybe use the money you would spend on the price differential on a buy-local program. President Pope ended saying that a subsidy component is problematic for him.

Trustee Tucker stated that his main issue was better notification. He disagrees with the suggestion to use the money for a buy-local incentive program, and still believes supporting businesses in the community that has longer term benefit. In addition, he added that other communities already have programs such as this for which our businesses have a disadvantage so we should provide an advantage here

Trustee Brewer noted that probably not a wide variety of vendors who would take advantage of this preference if provided. Its relativity important to have a modest spread; to show we support local businesses because what we recoup those costs in sales tax to makes up the spread (understanding that the VOP is tax exempt). He noted that he thinks it would be worthwhile to investigate such a program and hear from staff.

Trustee Hedges recalled that he can only think of a few businesses that would apply.

Trustee Brewer suggested that staff provide multiple options.

Trustee Hedges added that other indirect costs should be considered, such as overall efficiencies, saving gas, etc.

President Pope stated again that he has a problem with the taxpayer funding a subsidy. He restated that better notice; improved marketing for a shop local campaign can be done without a subsidy.

Trustee Tucker wanted to add that since we can, we should move ahead now with more or better notification when we issue bids or requests for proposals.

A majority of the Finance Committee directed staff to pursue proposals for future consideration based on the comments provided tonight.

B. Second Quarter Financial Report

CFO Lesner provided an overview. The General Fund, although marked as YELLOW, is on the “green side of yellow” only a precaution. Property taxes are the least of our concerns since we have collected the earliest in recent memory. It used to be November 1st, now we are collecting Aug 1st. Trustee Hedges asked since we have money earlier, is there any need to invest? CFO Lesner said that he is converting to IMET but need to be liquid.

CFO Lesner summarized that liquor and natural gas is within budget. Sales tax is slightly over budget. Trustee Tucker noted that this is significant – 24% over budget. CFO Lesner noted that it could be a variety of reasons, even warmer weather.

President Pope requested a stacked rolling 12-mths over the last few years so we can see what are the adjustments.

CFO Lesner noted that real estate transfer tax is slightly above but he only noted it as Yellow since there is just too much volatility in real estate. He will always have a hard time noting it as Green. He said that sometimes Yellow may be that we are doing well but if there is an unknown, I will note it still as Yellow, not Green. In some cases we look at 10 yrs or 5yrs of history, for other items the short term is more relevant (i.e. incentives for homebuyers are gone). CFO Lesner noted that the fines are in Red. The Committee spent some time talking about that.

Trustee Hedges asked if we are doing all the things we expected to do with this budget? Are we not doing everything we expected to do? Interim Manager Pavlicek added that she is aware of one item for certain in FY12, the "economic development" position. She understands that the Board has expressed a few ideas of what this position is to be but she is not clear, however she will make a recommendation in the FY13 budget.

CFO Lesner continued to review the report. He noted a potential data error with the sewer fund.

The Committee commented again on how much they like the report and hope it can be posted on the web. CFO Lesner confirmed that he does plan to post it on the web. President Pope made some notes to the graphs on pages 26,27,28, maybe these can be shown to better represent the actual impact, for example one chart shows what appears to be a huge impact for such a small amount. President Pope also suggested a few new charts, which may also help with the fines to show all the drivers of a particular trend.

Trustee Hedges asked Interim Manager Pavlicek what happened in the process of hiring parking enforcement process, why isn't it moving, he would like to see a report. If the fine trend continues to be low, Trustee Brewer noted that maybe the Village needs to consider lowering its expectations; currently we are one million behind. Maybe we need to lower our expectations in 2012 (amend) as well as the next two years. What would be the impact? Trustee Tucker also agreed and added that he doesn't see the Village making up half of the million we are behind and agrees that we should fix our expectation.

Interim Manager Pavlicek said that there have been some policy decisions over the years that could be impacting the parking fines such as no ticket for backing into stalls, no tickets when one pulls the wrong way into a stall in the garage (warnings only) and the meters changed to be price driven, and parking meters converted to permit spaces at night to respond to tickets that annoyed people. President Pope mentioned how important it is to know these factors, i.e we may not be writing tickets but instead getting \$4 in revenue to shop. This is a win-win for everyone. President Pope concluded asking Interim Manager Pavlicek what we (the Finance Committee) needs to do at this point. Interim Manager responded by saying to wait until August 20th.

A motion was made by Trustee Hedges to adjourn, seconded by Trustee Tucker. Motion approved. The meeting was adjourned at 9:13 p.m.