

MINUTES OF A SPECIAL MEETING OF THE REVENUE/EXPENDITURE STUDY COMMITTEE HELD ON TUESDAY, FEBRUARY 24, 2009 AT 7:30 P.M. AT THE KENILWORTH VILLAGE HALL, 419 RICHMOND ROAD, KENILWORTH, ILLINOIS.

The meeting was called to order at 7:45 p.m. by Co-Chairman Fred Steingraber. He apologized for the cancellation of the January meeting. The following members were present:

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| Present: | Fred Steingraber | Co-Chairman |
| | Steve Crawford | Member |
| | Denise Seminetta | Member |
| | Tom Prince | Member |
| | Lili Duquette | Member |

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| Absent: | Steve Hoopes | Co-Chairman |
| | Dirk Degenaars | Member |
| | Lois Colberg | Member |
| | Scott Lien | Member |

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| Others Present: | Brad Burke | Village Manager |
| | Maryann Van Dyke | Finance Administrator |
| | Jim Hughes | 538 Kenilworth Avenue |
| | Tom Terrill | 122 Woodstock Avenue |
| | John Petersen | Police Chief |
| | Jackie Bossu | 614 Earlston Road |
| | Kelli Kobor | 620 Abbotsford Road |

The minutes of the December 18, 2008 meeting were placed before the Committee. Member Crawford moved and Member Seminetta seconded the motion to approve the December 18, 2008 RESC meeting minutes. Upon a voice vote, the minutes were unanimously approved as presented.

Member Duquette noted she was not aware of any changes to the report on the review of the Village organization and staffing. A discussion regarding recruitment efforts to fill the vacant patrol officer position followed. Member Duquette noted she would want to incorporate the name of the new officer into the report once the individual is hired. Chief Petersen explained he anticipated the position to be filled as of March 15, 2009, and the new officer's name to be announced at that time.

Chairman Steingraber noted the final reports regarding benchmarking analysis at both the macro and micro levels were included with the Committee packet. Chairman Steingraber reviewed the materials distributed and asked if there were any questions or comments on the information presented. There were no comments from Committee members.

The next issue discussed related to outsourcing opportunities. Village Manager Burke reviewed the list of Village services currently outsourced. The memorandum distributed included 55 items. Village Manager Burke said the Village regularly evaluates services that could be outsourced and noted theoretically anything could be outsourced. Manager Burke explained the current philosophy on outsourcing is that those areas where the hiring of full-time staff to provide the services would not make fiscal sense or those areas where specialized equipment is required are prime candidates for outsourcing activities. Manager Burke noted there is often a cost advantage at the start of outsourcing, but the Village can lose control of the cost and the level of service over time. Manager Burke explained staff is currently researching outsourcing or alternative service options related to street sweeping due to the cost of a new sweeper. Village Manager Burke commented that the list was a living document that represents the brainstorming of Village staff. The list shows where the Village is at this particular moment in time but may not include every type of activity that is currently outsourced. He noted the list could change as different situations evolve.

Village Manager Burke next presented a document which enumerated shared services between the Village and Park District. Manager Burke noted one recommendation may be for the Village to employ the existing three Park District employees who could still be responsible for Park District activities and then provide supplemental support to Public Works. Village Manager Burke explained the administrative department functions and services provided to support the Park District.

Member Crawford asked if the Park Board agreed with the number on the shared services document. Village Manager Burke responded that he had not talked to the Park Board regarding this report; however, he did not believe the Park Board would disagree with the numbers noted. Chairman Steingraber suggested the Village should plan to sit down with the Park District Board to discuss this issue. A general discussion of the Park District relationship to the Village followed.

Member Duquette asked about Park District's financial status. Village Manager Burke responded that there is the Storch Fund, which is an endowment the Park District can use interest income from for various landscape projects, and explained there is a small reserve for capital.

Member Crawford asked if the Park District is a taxing body. Village Manager Burke explained the Park District is a separate taxing entity and noted if both the Village and Park District were combined, the Village will not automatically receive the Park District's existing taxing authority.

Member Seminetta asked if there couldn't be a contract in which the Park District pays the Village for staff time. Chairman Steingraber said this issue needs to be looked at more closely by the two taxing entities.

Member Crawford asked if outsourcing these services has ever been looked at. Village Manager Burke said to his knowledge outsourcing Park District services has not been looked at. A discussion of Village and Park District responsibilities followed. Manager Burke noted the Park District does not maintain or operate the Kenilworth Beach. Village Manager Burke noted he has briefly discussed some of the items being discussed by the RESC regarding the Park District's relationship to the Village with the Park Board President Tom Feeney; however, this is a topic that should be discussed fully with the entire Park Board.

Village Manager Burke asked the Committee to look at agenda item #8 regarding the proposed 2009-2010 budget. Manager Burke explained many Village revenues were down, and noted dramatic changes in the state shared revenues and building permit fees. Manager Burke noted the proposed budget document as presented does not reflect any fee increases or revenue enhancements. Manager Burke said the year-end projections for the current fiscal year are included with the proposed budget document, and explained there are typically expenses not yet spent. Village Manager Burke continued to discuss the proposed Fiscal Year 2009-2010 budget and noted the plan for the Village staff is to bring a budget back to the Board in March that includes further expenditure reductions as well as possible revenue increases in the form of user fee increases or increased charges for service.

Member Seminetta passed out documents of her findings on revenues and expenses. She reviewed and explained the different items including "Other Income Items." Member Seminetta noted the current draft of the Village budget includes \$250,000 projected for building permit fees, and expressed her opinion this budget number is too high in the current economic situation. She said state shared tax sources are down, and noted the following year may see a greater decrease in the Village's share of the state income tax. She noted that expenses have been lower this fiscal year in certain areas. Regarding the proposed budget, Member Seminetta noted Village Manager Burke has already closed a good portion of the gap between revenues and expenses.

Member Seminetta suggested raising beach fees to cover the cost of operating the beach and making sure that the employees at the beach collect the fees.

Chairman Steingraber clarified that there have been comments in the services survey that there is no enforcement of beach fees. Chairman Steingraber noted this is something that needs to be addressed in the coming season.

Member Seminetta also suggested the Village needs to consider raising water fees. Regarding other revenue opportunities, Member Seminetta suggested the Village send out a "wish needs letter". She noted many residents responded to the request for trees in recent years, and a similar approach may aid in funding other Village projects/activities. She further suggested increasing building permit fees to 3%, and looking into grants.

Member Seminetta mentioned the Village should look into the use of restricted funds and consider the Village's ability to allocate dispatching staff costs to the E911 Fund. General discussion regarding the use of E911 and sewer fund reserves for operations followed.

Member Seminetta suggested it may be appropriate for the Village to request a "catch up" transfer from E911 funds for dispatchers. She suggested raising the E911 rate. Member Seminetta discussed the possibility of asking residents to have their business cell phones billed to their home addresses so any telecommunications tax revenues would go to Kenilworth.

Member Seminetta also mentioned the Village Board may need to consider changing the percentage of the portion the Village pays for employee health insurance.

Chairman Steingraber said, in summary, we are running a deficit budget which is below our reserve target. All revenues are going down and they will continue to go down during this economic decline.

Jim Hughes asked if the Village ever did a study over time to see what is needed in reserve.

Chairman Steingraber said expenses are up only 2.2% since fiscal year 2005, but revenues are only up just over 1%. Everyone must understand the organization's needs to get on a more sound footing.

Chairman Steingraber said he admired the work that Village Manager Burke and his staff do to prepare the budget documents shared with the members of the RESC.

Jim Hughes said the Village will come close with revenue and expense. He asked what happens if people do not pay their taxes and asked if this would be a problem.

Member Seminetta said the State shares some revenue. Since the State is in poor financial shape, the payments could be lower or slower in being remitted to the Village.

Village Manager Burke said the payments are governed by State law but those laws could be changed.

Jim Hughes asked how soon these ideas could be implemented.

Village Manager Burke said he has already incorporated many of the RESC's suggestions into the proposed budget and you will see them at the March Village Board meeting.

Tom Terrill praised the Revenue/Expenditure Study Committee for their work and report.

Chairman Steingraber said we may have to drop some non-core services, and suggested the Village should look at renegotiating contracts. Many businesses are taking such an approach to contracts. He suggested that if residents want certain services then the community may need to do some fund raising.

Member Duquette asked if the Village should pursue a similar approach as used by school districts and simply cut the services in order to communicate the need to increase revenues. Member Duquette expressed her opinion we should look at raising taxes first before we look at fund raising.

Member Seminetta said she would hate for a referendum to fail at the polls, and suggested it may be appropriate for the Village to first scale down before asking for more in taxes.

Member Crawford noted the Village's operations are based upon a revenue model that relies on housing valuation and building permit revenues. Member Crawford noted this model does not work in the economic climate we are living through. Member Crawford noted our taxes do not cover Village expenses, and the Village needs to explain to residents that they will have to pay more if they want to live in Kenilworth as they know it. If there is no support by the residents to pay more to keep the services provided, then services will have to change.

Chairman Steingraber said we have a tall order to get the message out to the community, and expressed his opinion communicating the message that a tax increase is needed will take 18 to 24 months.

A discussion of the Village's long-term debt followed. Tom Terrill said he wished we had no debt. We should pay it off.

Chairman Steingraber said the Village's debt is \$3.8 million in the General Fund and about \$4.4 million in the Water Fund for a total of approximately \$12 million in debt including interest.

Member Crawford said he was concerned about the tone of the report. Member Crawford queried if the challenges faced by the Village are for the time being or if the real issue is that the way we do things no longer works. Chairman Steingraber said nothing works all the time so we need options, and expressed his opinion the Village should look into home rule.

Tom Terrill noted there is a large group of citizens against Home Rule.

Katie White asked about the revenue stream from Green Bay Road as a possible aid to close the deficit facing the Village. Chairman Steingraber said we need more information on what is going to happen on Green Bay Road.

Katie White said she has been asked if the Village is going out after the businesses we want. Village Manager Burke said until there are code changes to the Zoning Ordinance, the type of businesses the Village would like to see are not permitted in the corridor. Katie White asked if it has been decided as to what types of businesses will be allowed. Village Manager Burke said the RESC has not discussed that topic; however, the type of permitted uses is something that has been discussed at the Plan Commission.

A discussion regarding possible revenue enhancements at the beach followed. Chairman Steingraber said the idea of having a vending machine at the beach has been discussed.

Member Prince suggested looking at increasing the capacity at the water plant to then be able to sell the water to other communities. He also suggested the possibility of having the Beach run by a foundation. Chairman Steingraber said if anyone has any ideas about that we should look at them. He went on to say two towns in the benchmark survey report they have increased their water rates 10 to 12%.

Next, Village Manager Burke explained the Long Term Capital Plan and that there are a few changes for fiscal year 2010. E911 and Sewer Funds are not expected to increase their available fund balance as quickly due to reallocation of operating expenditures to the General Fund. Manager Burke explained the philosophy behind the E911 and Sewer Funds, and noted E911 has an 8 to 10 year cycle of savings in order to plan for technology upgrades, while the Sewer Fund accumulates reserves to cover triennial sewer lining projects as well as other sewer related capital expenses. Hopefully the other funds will be able to work like these two funds. Village Manager Burke then explained what information the storm water study will provide the Village for future capital planning to address storm water management needs.

Chairman Steingraber said from the surveys we have a good idea of what the residents want done as far as infrastructure and capital.

Then Chairman Steingraber discussed his final report draft. He asked the Committee to review it and have any questions or comments back to him by March 5th. It will not be available to anyone until he has received and reviewed everyone's comments. Then it will be given to the Village Board.

Member Crawford asked who will receive the report. Chairman Steingraber said the report will be presented to the Village Board.

Chairman Steingraber explained the Committee will discuss the final version of the RESC's report at its next meeting which is March 19th at 7:30 p.m.

Member Crawford made a motion to adjourn. Member Duquette seconded the motion, and the meeting adjourned at 9:27 p.m.

Respectfully submitted,

Bradly Burke

DRAFT