

Minutes

Village of Niles

Finance Committee Meeting

Village Hall Council Chambers

July 7, 2021

8:00 am

Call to Order

Chairman Joe LoVerde called the meeting to order at 8:00 am.

Roll Call

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

Committee Members Present: Chairman Joe LoVerde, George Van Geem, Robert Callero and Alan Weel (via remote dial in)

Committee Members Absent: Jack Drexler

Others Present: Acting Village Manager Hadley Skeffington-Vos, Finance Director Kent Oliven, Assistant Finance Director Laurie Nannini, Public Works Director Fred Braun, Civil Engineer Tim O'Brien, Economic Development Director John Melaniphy, Utilities Superintendent Jack Grana, Management and Budget Analyst Conor Schultz, and Administrative Assistant Joy Athanasiou

Old Business

Recommendation of Ordinance Amending Water and Sewer Rates Established

Finance Director Kent Oliven stated that several staff members were present to add additional context relating to the importance of the Greenwood Stormwater Project discussed at the last meeting. Economic Development Director John Melaniphy stated that he has been working on a redevelopment plan with the Sterling Organization, the owners of Golf Mill Mall, for about a year and a half. He stated stormwater mitigation features in Golf Mill Park are important to the clients currently present at the mall and to potential future developments. He added that TIF revenues might be impacted in the future if development is slowed due to the project falling through. Public Works Director Fred Braun stated that surrounding properties would benefit immensely from the stormwater improvements, including The Bradford Exchange, other occupants in and around Golf Mill Mall, and a number of nearby residential properties. It would also help with flooding at the intersection of Milwaukee Avenue and Maryland Street. Mr. Braun also stated the project includes open basin detention as well as underground detention which is part of an overall plan for a future Golf Mill Park. Mr. Braun added that the bid price was extended through December 31 but would like to begin work prior to July 31, before construction season ends.

Finance Director Oliven summarized the discussion from the June meeting. He stated the IEPA is looking for a debt service coverage ratio of 1.0 over five years. He stated the original plan, presented at the June Finance Committee meeting, was to increase water and sewer rates by one (1) dollar annually for five (5) years. At the June meeting, ordinance 2012-04 was identified, which increased the home rule sales tax by 0.25% and designated that revenue to fund the stormwater projects. Residual funds would be dedicate to Police and Fire pensions. Mr. Oliven stated that this has not been happening in the past two budget years. At that time, Mr. Callero suggested a potential plan that would include one (1) 10% increase in January 2022 and would re-dedicate the 0.25% sales tax to stormwater to make sure the coverage ratio reaches 1.0 for the five year period of the loan application. Mr. Oliven said that he ran the numbers according to Mr. Callero's suggestion and found the numbers came out exactly where they needed to be, stating that this is could be a

perfectly viable alternative to the original plan. He added that this plan may be sufficient for the IEPA loan approval. He also said that the alternative plan would allow for a professional may be supplemented with a water and sewer rate study to identify future rate increases. Mr. Oliven stated the downside to the plan would be that if we move the 0.25% sales tax allotment back to stormwater, the pensions would be put under pressure by the absence of those funds (roughly \$900,000 annually) and the difference would have to be paid by the General Fund balance. Mr. Callero added that the deficit in the general fund produced by re-routing the 0.25% sales tax should be made up with department cuts.

Chairman LoVerde asked several clarifying questions regarding the allocation of the 0.25% sales tax ordinance, Mr. LoVerde also stated the timeline of events from May through July, in which the ordinance passed in May to accept the IEPA loan was passed prematurely without securing the funding or considering the topic in Finance Committee and Board Meetings beforehand. Chairman LoVerde also asked if other potential options for the loan application would be presented, as requested in the June meeting. Mr. Oliven stated he did not have other options to present being that he felt the numbers from Mr. Callero's plan were a good alternative and should be sufficient for the IEPAs loan approval.

Mr. Weel posed a few questions. He stated there are a variety of options but the two (2) on the table, the original five year plan and the Callero plan for one year 10% increase and the re-routing of the 0.25% sales tax are both good options to present to the IEPA.

Mr. Van Geem stated that there is another large customer in town who has reduced their purchase of water by 10-15% over the past few years. The Village must consider how an increase in rates would affect this customer in a negative way and possibly push them to move their production elsewhere, which would include a loss of utility sales, jobs, and property tax revenue.

Mr. Callero added that we need an answer from the IEPA about the alternative scenario proposed as soon as possible. Mr. Oliven said staff will begin seeking an answer from the IEPA immediately. Mr. Oliven also reminded the Committee of the two (2) million dollar grant from the MWRD and said it could potentially expire if this project does not move forward quickly.

Finance Director Oliven also stated that our Water, Sanitary Sewer, and Stormwater maintenance are currently located in the Water Fund. He suggested separating these funds as early as FY23. He added that the advantages to this change would allow more precision in budgeting expenses and revenues, and would increase transparency by making the budget simpler to read. Mr. Oliven also suggested a future discussion on implementing either a minimum water purchase fee or a monthly per bill fee. This is to account for fixed cost services such as the utility billing system, staff, repair of water mains, etc. which should be shared by all customers.

After discussion, staff recommended two options. The first option is a five (5) dollar increases split between water and sewer rates every January for five years with no sales tax associate. The second options is, beginning January 2022, an 0.88 cent increase to water and a 0.12 cent increase to sewer rates with a 2% increase to our largest customer. In addition, the 0.25% sales tax would be re-dedicated to stormwater costs per the existing ordinance. This option would also leave room for a water and sewer rate study.

George Van Geem moved to recommend an increase to water rate by 0.88 cents per 1000 gallons and to sewer rates by 0.12 cents per 1000 gallons, with a 2% increase to our largest customer, beginning in January 2022. In addition, the 0.25% sales tax would be re-dedicated to stormwater costs per the existing ordinance, with flexibly to add some fund balance to lower the

IEPA loan amount, if needed to the Village Board. Seconded by Robert Callero. On roll call, the vote was as follows:

Ayes 3 Van Geem, Callero, Weel
Nays 1 LoVerde

Approval of Minutes

The regular minutes from the June 30, 2021 Finance Committee meeting were presented for approval. Chairman LoVerde stated the Committee needed additional time to review the minutes. He also requested the audio recording from the previous meeting for review. The minutes were not approved. The June 30, 2021 minutes will be presented for approval at the August Finance Committee meeting.

Accounts Payable Approval

The Accounts Payable registers for 2021- 6/25, 6/28, 7/2 were presented for approval. Chairman LoVerde stated that not all Committee members received the registers and said that additional time was needed for review. The Accounts Payable registers were not approved. The Accounts Payable registers will be presented for approval at the August Finance Committee meeting.

New Business

None

Other Business

None

Public Comments

None

Executive Session

None

Adjournment

A motion to adjourn was made at 10:04 am by Robert Callero. Seconded by George Van Geem. On voice vote, all concurred.