

**VILLAGE OF LINCOLNWOOD
PRESIDENT AND BOARD OF TRUSTEES
COMMITTEE OF THE WHOLE WORKSHOP
VILLAGE HALL COUNCIL CHAMBERS
MARCH 12, 2020**

Call to Order

President Bass called the Committee of the Whole meeting of the Lincolnwood Board of Trustees to order at 6:06 P.M. Thursday, March 12, 2020 in the Council Chambers of the Municipal Complex, 6900 North Lincoln Avenue, Village of Lincolnwood, County of Cook and State of Illinois.

On roll call by Village Clerk Beryl Herman the following were:

PRESENT: President Bass, Trustees Hlepas Nickell, Cope, Ikezoe-Halevi, Sargon, Klatzco, Patel
A quorum was present

Also, present: Anne Marie Gaura, Village Manager; Chuck Meyer, Assistant Village Manager; Heather McFarland, Assistant to the Village Manager; Jon Bogue, Management Analyst; Andrew Letson, Public Works Director; Nadim Badran, Assistant to the Public Works Director; Doug Hammel, Development Manager; Jay Parrott, Police Chief; Anna Koperski-Walsh, Superintendent of parks and recreation; Mike Hansen, Fire Chief; Robert Merkel, Finance Director.

1. Discussion Concerning the Village's 2020 Fiscal Performance

President Bass turned the meeting over to Village Manager, Anne Marie Gaura, to start the meeting. Ms. Gaura explained the goal of the workshop was to go over next year's fiscal budget. Ms. Gaura touched on the stock market and the possible effect this might have on the budget. Ms. Gaura stated that at the end of the meeting she will update the board on the virus and how the Village is dealing with this health concern.

Ms. Gaura stated that staff has spent a lot of time working on the budget. Ms. Gaura spoke of deferring certain items to a later date. Ms. Gaura spoke of a two-year process going forward on working on the budget. Ms. Gaura also stated that in 2022 it will include a five year forecast.

Robert Merkel, Finance Director, began his PowerPoint presentation showing the items that were going to be discussed: Summarize budget process/ Village operating structure; summarize FY 20 fiscal performance; anticipate FY 21 fiscal performance; discuss key policy issues; Identify longer-term financial issues; Review other funds; Discussion of issues from the December, 2019 Finance Committee meeting.

Mr. Merkel presented the Village Board with an update of the FY21 budget which included the Fund Structure which is compiled of the general fund, water & sewer fund, the three TIF districts, Motor Fuel Tax, transportation improvement fund, water management infrastructure

fund, debt service, property enhancement program, private sewer fund and the Police Pension fund.

Mr. Merkel showed a breakdown of the property tax distribution to the different agencies. Mr. Merkel spoke how the Village has the lowest tax rate compared to other towns in Niles Township.

Mr. Merkel broke down the process that staff and the Village Board go through in the preparation of the budget. Mr. Merkel stated the goal is to have the budget finalized by the end of April, 2020.

Mr. Merkel went over general fund projections, what the Village expected and what actually occurred and the difference dollar wise. Mr. Merkel touched on the year end General Fund revenue issues.

Mr. Merkel stated as revenue was down, expenditures were also down.

Mr. Merkel did a recap of the general fund projections and the year-end general fund revenue issues which showed the projected permit fees for District 1860. Mr. Merkel stated it was thought we would have collected those permit fees for this budget year but has moved those permit fees to the 2021 budget.

Trustee Hlepas Nickell asked about the \$800,000 projected fee from the District 1860 project if that was the final amount they would pay for permits. Mr. Merkel stated it is not, it is just an estimate. There was further discussion regarding diverting those funds.

Trustee Cope asked how the Village can anticipate the market and how that will affect the budget. Trustee Patel stated that if capital is down than people might not spend like they normally would. Trustee Ikezoe-Halevi noted the Police Pension fund runs off the market, which is down right now but it will go back up again.

Mr. Merkel stated the current policy is that the general fund balance shall be maintained at 25 % to 35 % of annual general fund revenue. Mr. Merkel stated that if unreserved fund balance is greater than 35%, the Village shall designate the excess to provide available fund for the purchase of equipment and capital projects.

Trustee Patel asked about adjusting the policy of the 25% to 35%. There was discussion about holding 25% to 35% of the general fund balance.

Trustee Klatzco asked about the sales tax and when we receive it. Mr. Merkel stated that sales tax from December was received in March.

Mr. Merkel laid out the proposed general fund balances for 2021.

Trustee Hlepas Nickell asked about property tax appeal and how that affects the budget projections. Mr. Merkel stated the Village figures it at no greater than a 3% of the total projected

amount to be received for property tax. There was further discussion regarding the property tax appeal. Mr. Merkel shared with the Village Board projected property tax revenue, sales tax revenue, permit revenue (District 1860) and investment income (Irma). Mr. Merkel also presented to the Village Board a synopsis on the sales tax history from 2008 to projected 2021.

Mr. Merkel went over general fund expenditures.

Mr. Merkel also shared with the Village Board key expenditures for the 2021 budget which included an increase in personnel costs/benefits. Mr. Merkel stated health insurance went up 8% this year, 13% the previous year. Mr. Merkel went over other expenditures for 2021. Mr. Merkel stated some of the other expenditures are an increase in Police Pension contribution, increase in contractual costs and an increase in equipment/ capital costs.

Mr. Merkel gave a brief overview of the expense history for the Police Pension fund.

Mr. Merkel showed the significant expenditures that were also discussed at the Capital Improvement Plan (CIP) Workshop.

President Bass asked for Mr. Merkel to explain the increase in the fee for the resurfacing of the tennis court. Mr. Merkel stated it was because they couldn't just resurface but had to go down further due to water seepage on the court.

Mr. Merkel discussed the roof on the Fire and Police buildings with the engineering study being conducted in the 2021 budget and defers actually replacing the roof itself until 2022.

Mr. Merkel discussed some of the other items that were deferred and what is staying in the budget.

Trustee Hlepas Nickell stated that she understood that it was already decided what was staying and going in the Budget but asked what about the portable generator? Mr. Letson stated the portable generator is in the water fund and would not impact the general fund of the budget.

Mr. Merkel stated \$20,000 was budgeted regarding the Gateway Project, which had been deferred from previous year. Mr. McNellis clarified that this was for a study at making this a gateway entrance for the community.

Trustee Patel asked if this could be part of the TIF. Mr. McNellis stated it is outside of the TIF but stated he would look into possibly using the TIF Funds. There was discussion about the TIF and possibly changing the boundaries. Trustee Patel clarified the TIF would be used for consultant review only, not for anything outside of the TIF. Ms. Gaura stated staff would check with the Village Attorney regarding the TIF question.

Ms. Gaura stated one of the other big items is updating the website, which can be deferred to next year. Trustee Hlepas Nickell stated the website should come out for now because it is a substantial amount and then come back in six months and review if it should be added.

Trustee Sargon stated she would like private drainage to stay in the budget for 2021.

There was discussion regarding Pep Grants. Trustee Hlepas Nickell asked about giving a Pep Grant to a business that is not generating funds and may not end up being a tax producing property. Trustee Patel stated sometimes a business needs to do the upgrade to get tenants. Trustee Hlepas Nickell asked if there is a requirement in the Pep Grant as to whether or not the building is occupied or generating sales tax before receiving the grant? Mr. McNellis stated there is no requirement for occupancy for a Pep Grant. There was further discussion regarding Pep Grants.

Ms. Gaura asked if this should be discussed at future Committee of the Whole (COTW) meeting or at the Economic Development Commission (EDC) meeting. Trustee Patel stated the EDC takes direction from the Village Board so it should be brought to a COTW meeting.

Ms. Gaura stated that she and Mr. Merkel plan to update the Village Board quarterly on the budget. Ms. Gaura stated that major projects are already dividing into quarters. Ms. Gaura stated the biggest project is the roof and with that being the biggest thing and we are looking at which quarter that might be, maybe quarter four. Ms. Gaura stated the important part is to get the engineering down this coming fiscal year. Ms. Gaura stated you can keep everything in the budget, if you so choose and bring you an update quarterly and if in that time the economy takes a nosedive we can prepare to put some of the projects on hold. Ms. Gaura also stated in August there will be a status given to the Village Board as to where we are in the 2021 budget. Trustee Cope stated the Village Board could approve the budget as presented and then freeze certain items later. President Bass stated that is correct and that for something like the dog park you could possibly find sponsors to offset the project.

Trustee Patel asked if you would you recommend against keeping the original budget in place without the \$850,000 in adjustments and allow us the ability to work off of your updates as we should be getting all of this done. Trustee Sargon stated the dog park is discretionary. Trustee Patel stated that the planning for the dog park is not discretionary. Trustee Patel stated he would be much more comfortable leaving it all in the budget and then coming back that if need be.

Ms. Gaura asked Mr. Merkel to explain the downside of leaving everything in the budget, as we will be going out for bonds.

Mr. Merkel talked about the bonds taken out by the Village and how the bond company was happy with the reserves the Village has on hand. Mr. Merkel explained that if you go with the budget as is the bond company will look at that with the bonds as it lowers the reserves. President Bass stated the 35% reserve was helpful in the bond negotiations.

Trustee Hlepas Nickell stated she couldn't disagree and thinks we should cut everything out and if we see that we are ahead of where we might be projecting now then maybe reintroduce. Trustee Hlepas Nickell stated that she felt this was too broad more and is conservative and air on the side of caution, and this was echoed by Trustee Sargon and also stated that we can review quarterly and if need be reintroduce certain items.

Trustee Hlepas Nickell stated she would go with the amended budget.

President Bass polled the Village Board for direction.

Trustee Klatzco stated that he would want to go with the adjusted budget as he feels the Village revenue will be down. Trustee Ikezoe-Halevi agreed with Trustee Klatzco. Trustee Cope agreed with the conservative approach and stated if the economy turns around then staff can come back before the Board with those items to be added to the budget.

Mr. Merkel stated that when Appropriations Ordinance is put together staff can add those items in there if the Village has the money at that time.

Mr. Letson asked about the private flood control if keeping the full amount of \$25,000 and it was stated it would remain at the full amount.

Mr. Merkel went over the special revenue funds.

Mr. Merkel stated the NEID TIF will come before the board to be closed out. Trustee Hlepas Nickell asked if we were going to ask about the report before closing it out. There was a brief discussion regarding the NEID TIF.

Mr. Merkel touched on the Devon/Lincoln TIF. There was discussion regarding the fee for engineering services. Mr. Letson stated the engineering fee is only 10% of the project and it will be split with the city of Chicago. There was discussion on the cost of engineering and the cost of the project. Trustee Hlepas Nickell questioned why the Village doesn't go out for bid on some projects. Mr. Letson stated the streetscape project did go out to bid. Mr. Letson also stated for the streetscape project it is based on qualifications of the engineering services when out to bid and not on pricing and that is per the guidelines by the Federal Government. There was discussion on finding out how it is determined who is most qualified. There was also further discussion regarding qualified and not based on pricing.

Ms. Gaura stated the bid discussion will be brought back to a future meeting to discuss at a COTW.

Regarding the Motor Fuel Tax fund, Mr. Merkel gave an estimate as to how much the Village might receive from this fund.

Mr. Merkel went over the capital project funds, the water management infrastructure fund, and the enterprise fund.

Mr. Merkel stated they created a water debt sewer service fund which is funded by the water fee.

Mr. Merkel also went over the overall capital improvement plan summary.

Mr. Merkel also went over some of the items that were discussed at the finance committee meeting back in 2019 to see what other fees can be generated. Mr. Merkel presented possible

proposed increase in the hotel tax. Video gaming and sale of cannabis were also discussed as well as a packaged liquor tax and transfer tax.

Trustee Hlepas Nickell asked about the slide for the package liquor tax and the transfer tax.

Mr. Merkel asked if any of this suggested fee proposals should be brought before the COTW.

Trustee Klatzco asked for Mr. Merkel to find out how much Evanston has made on cannabis sales. There was discussion regarding looking into cannabis sales and who can resurrect the discussion on cannabis.

President Bass suggested looking at the data for the sales of cannabis in other communities. Trustee Hlepas Nickell stated that the Village is out of the running for a while and that it would be a waste staffs' time. There was further discussion.

Trusted Patel stated the Village is very much tied to the sales tax, especially car sales tax. Trustee Patel stated when he talks with legislators about tax dollars for Lincolnwood they ask about the video gaming and cannabis to use those for increased revenue.

Trustee Sargon asked to take a vote on each item to give staff direction. There was further discussion.

Trustee Hlepas Nickell asked why there are never any real cuts to the budget. There was further discussion on this issue.

Trustee Klatzco stated that the Village has to look at things that do not directly affect our residents.

President Bass polled the Village Board as to which items they would like to bring back for discussion at a COTW meeting. The consensus was the hotel tax, transfer tax and liquor tax.

Mr. Merkel presented a new municipal Motor fuel Tax that municipalities located in Cook County could utilize, up to .03 per gallon but doesn't know yet what the funds can be used for.

Trustee Patel asked about adjusting the food and beverage tax.

Mr. Merkel stated the Village is looking to update the current financial policy on the computation of the tax levy and explained the two options to the Village Board.

There was discussion on the TIF and what happens to any funds left in there.

Mr. Merkel went over the Village tax levy history. Mr. Merkel showed how much is going to the Police Pension Fund and that it is almost up to 40%. Mr. Merkel stated the Police Pension is taking up more of the general fund and that is why the Village needs to find a way to increase revenue.

Mr. Merkel discussed the water debt service fund and that it will be funded by the saving in the cost difference for the new water supplier.

Trustee Klatzco stated would like to stay proactive in regard to the Police Pension, whatever we can do to generate funds for that.

At the conclusion of the Budget Workshop, Ms. Gaura spoke about COVID-19 and how the Village is keeping residents informed through the website and social media.

Ms. Gaura stated that in regard to the Fire Dept., they are in-line with the CDC protocols. Ms. Gaura stated she has spoken with Department Heads and Mayor Bass and is keeping everyone in the loop.

Ms. Gaura touched on the meeting she attended on March 12 with the Village Attorneys. The Attorneys are looking at legislation regarding the Open Meetings Act and how to handle meetings when there is a pandemic.

Ms. Gaura stated that the Village Board agenda will be amended on Monday, regarding emergency declaration in regard to canceling meetings and paying bills and possible addition of powers to the Mayor.

Ms. Gaura also informed the Village Board of the meeting she attending in Skokie today, March 12, along with other municipalities and the concern with the food pantry that there will be an increase in usage and that the food pantry is looking at pop-up food pantries.

There was further information relayed to the Village Board regarding meeting with the library and inviting the School District 74 to the meeting to share vital information.

Ms. Gaura also spoke of all the steps being taken to protect staff and residents in regard to safety tips such as washing hands, wiping down surfaces, and keeping a safe distance from people.

Ms. Gaura stated that Parks and Recreation canceled programs.

Ms. Gaura also stated they will be closing buildings to the public, still providing services but no public in the building.

Trustee Hlepas Nickell asked about holding off on water bills. Ms. Gaura stated the Village is looking at everything.

Ms. Gaura stated that the plan unless objected to, is that three subcommittees would be canceled, Long Range Planning committee, Finance Committee and a few other meetings for the next two weeks.

Trustee Hlepas Nickell asked about taping the Finance Committee meeting.

Ms. Gaura asked Mike Hansen, Fire Chief, to speak on the subject of COVID-19

Trustee Cope asked how long does the Village keep doing these protocol? Chief Hansen stated we keep going on with them until the CDC and Illinois Health Dept. tells us otherwise.

Chief Hansen stated because the State declared a national emergency, through FEMA the Village can get reimbursed on some of the expenses.

Trustees Patel and Klatzco stated they wanted the Finance Committee meeting to occur.

Trusted Hlepas Nickell stated the Long Range Planning is important for information for the Strategic Plan meeting.

Ms. Gaura suggested moving the Long Range Planning to April 1.

There was discussion as to what the Village would do if an employee becomes ill. Ms. Gaura stated the Village is looking at cross-training staff. There was further conversation regarding business operations.

Ms. Gaura summarized the meetings being canceled.

Public Forum

None

Adjournment to Closed Session

At 8:54 P.M. Trustee Klatzco moved to adjourn the meeting to Closed Session for the purpose of discussing Employment Matters Per Section 2(c)(1),seconded by Trustee Patel.

Upon roll call the results were:

AYES: Trustees Ikezoe-Halevi, Cope, Patel, Hlepas Nickell, Sargon, Klatzco

NAYS: None

The motion passed

Reconvention

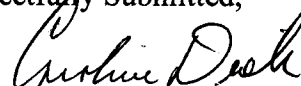
At 9:44 P.M. Mayor Bass reconvened the Committee of the Whole Meeting.

Adjournment

At 9:44 P.M. Trustee Klatzco moved to adjourn Committee of the Whole to Close seconded by Trustee Ikezoe-Halevi.

The motion passed by Voice Vote.

Respectfully Submitted,



Caroline Dick
Deputy Village Clerk