

VILLAGE OF ORLAND PARK

14700 Ravinia Avenue
Orland Park, IL 60462
www.orland-park.il.us



Meeting Minutes

Monday, August 25, 2014

6:00 PM

****SPECIAL MEETING - 2015 BUDGET****

Village Hall

Board of Trustees

Village President Daniel J. McLaughlin

Village Clerk John C. Mehalek

*Trustees, Kathleen M. Fenton, James V. Dodge, Jr., Edward G. Schussler,
Patricia Gira, Carole Griffin Ruzich, and Daniel T. Calandriello*

CALL TO ORDER/ROLL CALL

The meeting was called to order at 6:15 PM.

Trustee Dodge was present via audio conference - He stated he was traveling for businesses.

Staff Present: Village Manager Paul Grimes, Assistant Village Manager Ellen Baer, Finance Director Annmarie Mampe, Assistant Finance Director Sarah Schueler, Public Information Officer and Deputy Clerk Joseph La Margo, Development Services Director Karie Friling, Transportation & Engineering Manager Kurt Corrigan, Infrastructure Maintenance Director John Ingram, Frank Stec Park's Division Director, and Recreation Division Director Nancy Flores.

Present: 6 - Trustee Fenton, Trustee Dodge, Trustee Gira, Trustee Griffin Ruzich, Trustee Calandriello and President McLaughlin

Absent: 1 - Trustee Schussler

SPECIAL MEETING

2014-0461 2015 Budget Meeting - Capital Budget

Village Manager Grimes stated that this is the second of seven budget meeting that will take place with respect to the FY2015 Budget.

At tonight's budget meeting it will primarily concentrate on a general look at the target allocation within the general operating fund. By discussing this with the Board it will help to make sure there is a general consensus from the Board on what staff's assumptions are so that when the budget begins to be prepared there will not be surprises on what is being requested.

Expenditures will be discussed during the months of October and early November with each department.

The Board may what to make amendments and adjustments and that will be part of the budget process.

Also being discussed tonight will be the capital budget along with capital requests.

The capital budget will not be approved until November, however there are certain impacts on the capital budget that the general fund could help address.

Village Manager Grimes commented that there are members of the public present at tonight's meeting. The public was notified that the capital budget was going to be discussed tonight so many are in attendance because of stormwater management issues in their subdivisions.

Village Manager Grimes stated that the FY2015 Budget currently is a working document. Staff is trying to get framework for the capital budget, which ultimately allows what the target allocations will be for the departments so that a detailed budget will be created. This budget will then be presented to the Board in late September or early October for review. A series of expenditures meetings with the departments will take place so that amendments and adjustments can be made by the Board and staff.

Finance Director Annmarie Mampe reported that for many years the Village has operated on a target based budget process. Determined are the operating revenues in total and then all the fixed costs are taken out. A net amount then is allocated to the departments so they can fund their variable budgets.

There is a total of \$3.25 Million available to allocate to the departments. They can fund all their variable operating costs with those dollars.

If a department has items that they want or need in their budget for 2015 that they can't fund with their targeted amount, those items will be submitted as discretionary amounts that will be brought before the Board during the department expenditures meetings.

Director Mampe stated that the Village fund balance policy is a 20 percent minimum, 25 percent goal. Assuming a 20 percent fund balance will fund \$1.8 Million for discretionary spending.

Potential uses of discretionary funds could be applied to capital spending shortfall of \$1.2 Million. This could be applied to departmental discretionary requests that will be presented at departmental expenditure budget hearings, or could be used to increase fund balance to move that 20 percent.

Director Mampe presented a power point presentation (EXHIBIT A).

She summarized the Capital Improvement Program which has a funding source of \$38,898,376.

Village Manager Grimes outlined the FY2015 Capital Improvement Program Bond Issuances (EXHIBIT A) on LaGrange Road Improvements, Road Reconstructions (initial funding), Stormwater Improvements, and Open Lands.

Individual capital improvements were outlined (EXHIBIT A) on building and grounds maintenance and improvements on the Village Hall, Orland Village Hall, Public Works, and Sportsplex.

Recreation & Parks improvements and maintenance and equipment were outlined (EXHIBIT A) for Centennial Park, Schussler Park, Dogwood Park, Bike Path, and Sportsplex.

Village Manager Grimes reviewed Capital Improvement project lists (EXHIBIT B). Land Acquisitions, Road Improvements, Open Lands, were discussed.

Director of Development Services Karie Friling, Transportation & Engineering Manager Kurt Corrigan, Infrastructure Maintenance Director John Ingram were all present to answer any questions that the Board or public may have.

Director Mampe stated that among the largest projects proposed for 2015 are \$5.1 Million for the LaGrange Road widening and a tentative \$5.5 Million for road reconstruction. Both projects would be funded by bonds that would be repaid over 10 years, requiring \$1.2 Million in average annual payments, funded by home rule sales tax revenue. \$1.2 Million in bonds would go to acquiring new property for Open Lands, and may be repaid from property taxes.

The remaining \$7.75 Million, repaid over 20 years would go to stormwater management projects the Village plans to complete in 2015. Approximately \$6 Million would complete construction of a large detention pond in the Villa West Subdivision that would help reduce flooding in Parkview Estates and Caro Vista.

Director Ingram stated that seven smaller flood prevention projects are also planned for 2015, including the first phase of construction to alleviate flooding in the Maycliff Subdivision that involves larger in diameter stormsewers from 143rd place to 145th. This will help move water away from homes and into Schussler Pond. The second phase planned for 2016, would help move water from Schussler Pond to Tinley Creek.

Trustee Dodge asked typically these stormwater projects are funded from the Water fund, will that continue.

Director Mampe stated that what is being proposed is General Obligations Bond would be issued to fund this project within 2015 and then debt service payments would be made on these bonds out of Water and Sewer Fund revenues.

Director Ingram review the projects (EXHIBIT B – Page 12 & 13)

President McLaughlin asked if 2016 proposals can be done in 2015 instead of waiting until 2016 to help the flooding in these areas.

Director Ingram stated that he would need to consult with Christopher Burke Engineering first before he could reply to this question.

President McLaughlin requested Director Ingram to have an idea when this is

discussed again in October during the Public Works Budget meeting.

President McLaughlin stated that the Board had given staff direction to try to get many of these flood projects moving this year. This will be approximately \$8 Million in projects (See Exhibit B – Page 13) with about \$500,000 debt services. He asked if the Village could afford more than the \$500,000 a year based on the revenue source.

Director Mampe stated that this may increase water rates because the annual debt service payments would be paid out of the Village's Water and Sewer Fund.

President McLaughlin stated that he did not believe that residents would mind paying a few pennies on their water bills if it meant completing these stormwater projects.

Trustee Dodge asked if these are general obligation or revenue bonds because it is water funds.

Director Mampe stated that these would not be issued as revenue bonds because usually revenue bonds are more expensive (the interest rate is higher due to the revenue generated is not as for-sure as a GO backed bond). So they would be issued as GO bonds and therefore receive a lesser interest rate and then pay with the revenues. The property taxes would be abated; however, it would not show up on a property tax bill, water revenues would be used to pay the debt service payments.

Trustee Dodge asked for clarity if the Village is asked how this is funded.

Director Mampe stated that the same procedure was used when the reservoir expansion project was done back in 2008. General Obligation bonds were issued so the Village would get a lesser interest rate and the Village abated the property taxes every December when the levy was passed and then water revenues were used to make the payments.

The Board discussed and questioned other stormwater projects and Director Ingram answered their questions.

Village Manager Grimes explained other projects are maintenance projects (EXHIBIT B – page 13)

President McLaughlin asked if anyone from the audience would like to speak.

A few residents spoke before the Board regarding flooding issues in their subdivisions. Unfortunately, the microphones were not on and did not pick up their comments.

Director Mampe reviewed that what has been presented and discussed tonight is

the tentative proposed capital budget. She requested that the Board authorize staff to use this going forward to determine expenditures knowing that it may change.

Presented at tonight's meeting:

- Total fixed cost of approximately \$49 Million;
- Leaving \$3.2 Million that will be allocated to the departments to fund their variable expenses;
- Included in the \$49 Million is funding set aside for capital within the general fund and parks and recreation fund;
- As well as vehicles purchases and MIS/IT purchases;
- The target distribution will be \$3.25 Million (which is approximately 8 percent higher than 2014);
- A 20 percent fund balance will be maintained in the general fund (that is a Board approved policy);

Related to capital and based on the conversation that took place tonight, the dollar amounts may change, but staff would like to make the assumption that going forward the following is with Board approval:

- A portion of the funding on the operating side will be used to fund the capital fund. The exact number is not known yet, however, the Board would approve the concept of doing that.
- The total capital improvement program is currently approximately \$40 Million and that will probably change; included in that \$40 Million are general obligation bonds of approximately \$19 Million.

President McLaughlin stated that he is good with continuing the budget process with the assumptions that were discussed tonight – but there are a lot of questions and additional information needed, and a lot can change.

Trustee Dodge questioned as the current flood control issues are being complete, will the Village be done or not. As Orland Park has come together over the years with the older subdivisions and newer subdivisions, the fact that the water reclamation district now has current data that has found their old standards did not work. At some point – what will it take to be done that all subdivisions in Orland Park to bring them up to the new standards so that rain events will be handled correctly.

Village Manager Grimes stated that currently there are 21 projects on a list totaling approximately \$21 Million. There will always be issues that staff will find out about after a heavy rain fall. The \$7.5 Million that has been discussed tonight outlined in the capital budget would address the areas that are highest on the priority list and have impacted the largest number of residents. So the \$7.5 Million is the highest priority of the total \$21 Million.

Director Mampe explained that \$4 Million of the \$21 Million is in the 2014 budget or was rolled over from a prior year's budget. These funds are available and the Village would not need to borrow that amount. \$4 Million has been set aside for these projects.

President McLaughlin took a consensus of the Board if the Fund Balance Policy should remain at 20 percent.

The entire Board agreed it should remain at 20 percent.

Trustee Dodge stated he is not adverse in issuing this type of debt load to solve these problems. The priority and sequence is important.

President McLaughlin took a consensus of the Board in order to give staff some direction on the assumptions that have been discussed tonight and if the Board is comfortable with issuing approximately \$20 Million in debt (this amount can change, but the framework or type of projects that the Village would bond for that is involved with this \$20 Million).

Trustee Fenton – She is fine with the assumptions that were discussed and is fine with issuing approximately \$20 Million in debt (understanding this amount may change and this is a continuing discussion with the Board).

Trustee Calandriello – Agrees with assumption discussed tonight and debt, would like to see more on Open Lands.

Trustee Ruzich – Agrees with the assumptions – she questioned bonding for the road reconstructing program – the rest, the Village has estimates. She believes as a Board there needs to be more discussion if there is a need for the roadway reconstruction or can that amount be shifted to bonds for stormwater projects.

Trustee Gira – Agrees with the assumptions – She believes the Village has a really good track record regarding the flood repairs. She questioned if new bond issues would take the place of old bond issues.

Director Mampe explained that most of the bond issues that are currently outstanding with the exception of the water bonds that were discussed as well as the Main Street Triangle bonds are paid by the levy. So these bonds would not be paid by the levy.

Trustee Gira – Agreed with Trustee Ruzich that the Board needs to review the roadway reconstruction.

President McLaughlin asked regarding the roadway projects that both Trustees Ruzich and Gira spoke of, is it the reconstructing of some of the neighborhood roads rather than just the resurfacing. Is there a need to look at more of the details regarding this?

Both Trustee Ruzich and Trustee Gira agreed that is what they are asking.

Village Manager Grimes stated that this is the ARA Road Maintenance and Reconstruction Program and additional information will be available for the Board. This item is being brought to the Public Works Committee on September 2, 2014 for discussion and then the full Board.

Trustee Dodge – Added to his earlier statement that he agrees with the framework and is happy with the discussions that are taking place.

President McLaughlin stated that staff has received direction from the Board, which understands things can change and believes the budget is going in the right direction.

Village Manager Grimes noted that over the next six weeks the Directors will receive their target allocations and begin to prepare their departments budget requests. Finance and Administration will then prepare the budget to submit to the Village Board in “Draft” form. Ongoing questions will be addressed regarding the capital budget.

The next Special Budget Meeting will take place on Wednesday, October 15, 2014 at 6:00 PM in the Board room and will focus on departmental expenditures.

ADJOURNMENT - 8:15 PM

A motion was made by Trustee Fenton, seconded by Trustee Gira, that this matter be ADJOURNED. The motion carried by the following vote:

Aye: 6 - Trustee Fenton, Trustee Dodge, Trustee Gira, Trustee Griffin Ruzich, Trustee Calandriello, and President McLaughlin

Nay: 0

Absent: 1 - Trustee Schussler

/nm

APPROVED:

Respectfully Submitted,

John C. Mehalek, Village Clerk