

**CITY OF OAKBROOK TERRACE
BUDGET MEETING OF THE CITY COUNCIL MINUTES
WEDNESDAY, MARCH 10, 2021**

I. CALL TO ORDER

Acting Mayor Esposito called the March 10, 2021, Budget Meeting of the City Council to order at 6:00P.M.

II. ROLL CALL

The following Aldermen were in attendance:

Present: Barbari, Beckwith, Greco, Rada, Vlach, and Acting Mayor Esposito
Absent: Przychodni

Also, in attendance were City Administrator A. Marrero, Public Services Director C. Ward, Finance Coordinator J. Haug, and Financial Analyst A. Haslett.

III. PROPOSED FY 2022 BUDGET DISCUSSIONS

City Administrator Marrero displayed a PowerPoint presentation detailing the FY 2022 proposed budget. City Administrator Marrero noted during tonight's meeting the Water Fund, Business District Fund, and Motor Fuel Tax Fund budgets will be discussed.

Water Fund

City Administrator Marrero stated Water Fund revenues are proposed at approximately \$1.2 million for FY 2022 and are up by approximately \$57,441 from the current year estimate. Water sales are the largest revenue source in the Water Fund at 69% of total revenues and proposed at \$827,000 for FY 2022. Water sales are expected to decrease in the current year by 6.9%. This decrease is due to COVID because more people are working from home and the office buildings have not consumed as much water in the past. Also, hotel and restaurant consumption is down.

City Administrator Marrero displayed a table detailing how the City's water rate compares to other neighboring towns. Oakbrook Terrace continues to be right in the middle. Some towns impose a monthly service charge in addition to charging for consumed water. The DuPage Water Commission charges \$4.97 per 1,000 gallons and this rate will remain for next fiscal year as well.

Since the DuPage Water Commission is not increasing their rate, this line item can be decreased by about \$100,000. The proposed FY 2022 budget is now \$1.3 million, representing an increase of 9.2% from the current year estimate. This increase is due to expected higher workers compensation premiums. Salaries and benefits comprise 28% of total Water expenses; while capital expenditures represent 21%; commodities 2%; and contractual services 49%.

City Administrator Marrero discussed the gains and losses experienced in the Water Fund since 2013. FY 2019 experienced a loss of \$306,718 due to a one-time customer refund for water billing overcharges. A gain of \$95,589 was incurred in FY 2020 because two (2) new water mains were constructed. A deficit of \$94,608 is expected for FY 2021 and \$117,684

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is projected for FY 2022. The City is hopeful that the new Choice Hotel will consume more water so sales increase and reduce this deficiency. The goal of the Water Fund is to be self-supporting. The City continues to supplement the Water Fund with electrical utility taxes which amounts to \$350,000 for FY 2022.

The Village of Oak Brook is over saturated, and their rates are higher than the City's. City Administrator Marrero asked Public Services Director Ward if the City could reach out to the Village of Oak Brook water customers that reside in Oakbrook Terrace. Public Services Director Ward replied there are some Village of Oak Brook customers the City could contact. Public Services Director Ward noted the City must save their water allocation for some developments that have not taken place such as the former Inland Steel property at the end of 18th Street. Public Services Director Ward explained if the City runs out of their water allocation, the City will need to go back to the State to reallocate the allowed water gallons. Public Services Director Ward said a higher reallocation may require additional storage capacity in the form of a new water tank. Public Services Director Ward said the City is currently allowed 293,000 gallons per day and the City is currently at 247,000 gallons. Accordingly, the City has about 40-millions a year of variable water gallons before we need to reallocate to the State. The City must maintain a two (2) day water storage capacity.

Public Services Director Ward discussed the \$33,000 water main disconnect project included in the FY 2022 budget. In May of this year, the City will disconnect the former Village of Oak Brook water main at the Choice Hotel. This new hotel is now on the City's water main. Public Services Director Ward highlighted some of the FY 2020-21 accomplishments. The Water Department accounted for 97% of the water pumped under the newly implemented M-36 AWWA audit. The Water Department also completed another year of successful coliform and bacteria sampling, which represents 19 years of not having a sample test positive for either.

Business District

City Administrator Marrero discussed the historical taxes collected within the Business District from FY 2013 to FY 2022. City Administrator Marrero projected FY 2022 revenues will remain flat. The Business District experienced some solid gains in FY 2020 because grocery stores became absolute necessities due to COVID and the March 2020 shut down. Business District taxes are expected to increase in FY 2021 by about 9.5%, and then remain stable for FY 2022.

City Administrator Marrero noted there are still a few store fronts and an out-lot available in the Oakbrook Terrace Square Shopping Center where the Business District is located. City Administrator Marrero noted with the pay-off of the 2010A&B Business District bonds, the refunding of the bond that was discussed last night, that the Business District is in a good position to be able to pay the principal and interest for the remainder of the bonds going forward. City Administrator Marrero projected the City may be able to pay-off the remainder of the bonds when they are callable with existing fund balance generated by the Business District. Once the Business District bonds are paid-off then the Business District

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dissolves, and the taxes collected within the Business District will be reallocated to the General Fund.

Motor Fuel Tax Fund

City Administrator Marrero noted beginning in FY 2020, the City received the first transportation renewal taxes in the amount of \$26,459 from the State. These taxes are earmarked for street maintenance in the same way motor fuel taxes are. These taxes are derived from the extra 19 cents per gallon of fuel imposed by the State as part of the Illinois Capital Plan. Transportation renewal taxes are estimated at \$31,690 for FY 2021 and \$35,104 for FY 2022. The transportation renewal tax will increase by the CPI each year, so these should increase annually. The normal motor fuel taxes are estimated to remain consistent and are distributed to the City based upon population. Motor fuel taxes were \$52,289 in FY 2020 and are estimated at \$43,960 in FY 2021 and \$48,869 in FY 2022.

The City will also receive a grant of \$140,639 from the State of Illinois as part of the Rebuild Illinois Capital Plan. In the current year, the City received about \$46,880 for the Rebuild Illinois capital grant program. These monies must be used for Motor Fuel Tax approved expenditures. The City hopes to use this grant for curbs and gutters and this money must be spent by July 2025. The estimated year-end FY 2022 fund balance is estimated at \$642,707.

Budget Wrap-up

City Administrator Marrero asked if the Council would be interested in holding one (1) evening budget meeting next year instead of two (2) meetings. The Council concurred to hold one (1) budget meeting next year and suggested taking two (2) breaks during the meeting.

ADJOURN

The meeting was adjourned at 7:04P.M.

Submitted by,

Aileen Haslett
Recording Secretary