

**CITY OF OAKBROOK TERRACE
BUDGET MEETING OF THE CITY COUNCIL MINUTES
WEDNESDAY, MARCH 13, 2019**

I. CALL TO ORDER

The Mayor called the March 13, 2019, Budget Meeting of the City Council to order at 6:08P.M.

II. ROLL CALL

The following Aldermen were in attendance:

Present: Esposito, Greco, Przychodni, Thomas, Vlach, and Mayor Ragucci

Absent: None

Also, in attendance were City Administrator A. Marrero, Public Services Director C. Ward, Assistant to the Mayor and Administrator M. Sarallo, Finance Coordinator J. Haug, and Financial Analyst A. Haslett.

III. PROPOSED FY 2020 BUDGET DISCUSSIONS

City Administrator Marrero welcomed everyone to the second FY 2020 Budget meeting and distributed a PowerPoint presentation.

Water Fund

City Administrator Marrero stated the FY 2020 Water Fund revenues are generally flat with \$1.4 million estimated, up by \$17,000 from the FY 2019 estimate. Water sales are projected at \$947,000, comprise the largest revenue source at 66%. The City's water rate at \$9.97 per 1,000 gallons is right in the middle of comparable community charges especially given that many nearby municipalities are now assessing a monthly service fee on top of usage. Alderman Esposito asked what drives other municipal water rates. Public Services Director Ward responded the cost of infrastructure repairs is built into the water rates and added the City is lucky because our Water system is not that old compared to other towns.

City Administrator Marrero noted the DuPage Water Commission (DWC) contract expires in 2024 so negotiations will begin shortly. The DWC plans on adding new customers, which could lower future rates. The DWC currently charges \$4.94 per 1,000 gallons and this rate will increase to \$4.97 on May 1, 2019. The City has been absorbing the DWC's increases and not passing them on to residents for the last couple of years. The City's last water rate increase was on January 1, 2015. Public Services Director Ward noted Bartlett was recently approved for Lake Michigan water. Public Services Director Ward said several other towns are also hoping to connect to the DWC water system, but the addition of new customers requires approval from the Great Lakes Authority and the Illinois Department of Natural Resources.

Water Fund expenses are estimated at \$1.7 million, which represents an increase of about \$492,780 from the current year estimate. This increase is due to the proposed Midwest-Drennon Water Main Loop. Salaries and benefits comprise 22% of all expenses, with contractual services at 40%, capital at 36%, and commodities at 2%.

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City Administrator Marrero discussed the Water Fund's gains and losses and noted that FY 2018 experienced a slight shortage of \$32,923, while a surplus of \$197,908 is projected for FY 2019, which is due to the earlier \$500,000 transfer from the General Fund to establish a capital replacement fund. A surplus of \$69,361 is projected for FY 2020. City Administrator Marrero indicated in FY 2020 she would like to do another transfer from the General Fund to the Water Fund to further finance the capital replacement fund.

Public Services Director Ward highlighted some of the FY 2018 accomplishments detailed below.

1. Accounted for 98% of the City's water pumped under the M-36 AWWA Audit, which is a testament to the City's metering system.
2. Completed the 18th year of not testing positive for coliform and bacteria sampling.

Public Services Director Ward said the FY 2020 Water Fund Operations and Maintenance budget is \$1,118,266, representing a 4.3% increase over the current budget. The DWC charges have increased, which means the City is selling more water. The FY 2020 budget includes \$5,000 for a professional cleaning of the water tower. After the water tower is cleaned then the painting system will be evaluated. Water towers typically need to be repainted every twenty years. Alderman Greco inquired about how the repainting project would impact the cellular antennas. Public Services Director Ward replied all the antennas will need to be removed and then typically the cellular companies replace the antennas with less obtrusive newer technologies. The SCADA system needs to be updated and Public Services Director Ward has been meeting with a couple of vendors trying to find the right fit for the City. Public Services Director Ward is hoping to reduce telephone charges in the coming year. The meter change out program is being accelerated with the batteries for the newer meters lasting 20 years. City Administrator Marrero noted there are no longer any bond charges for the Water Fund since the City paid-off the bonds last December.

The FY 2020 Water Fund Distribution budget includes \$38,000 for the replacement of a pick-up truck that is 20 years old and \$359,214 for the Midwest-Drennon water main project. The project is currently in the design phase and easement negotiations with a property owner are on-going.

Capital Improvement Fund

City Administrator Marrero said the home rule sales tax is the largest revenue source for the Capital Improvement Fund at \$1.7 million. For FY 2020, infrastructure improvements total \$1,683,131 and represent 75% of the budget, while bond costs comprise 16%, and equipment and services are at 9%. The FY 2018 fund balance increased by \$1 million. The FY 2019 fund balance is estimated to decrease by \$400,000 and by \$500,000 in FY 2020 due to the costs for the street resurfacing project. In five (5) years the estimated ending fund balance at \$6.6 million is almost

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fully restored to the reserve amounts that existed prior to the new Police Station and City Hall remodel.

City Administrator Marrero stated the projects in the five (5) year Capital Improvement Plan will now be discussed. City Administrator Marrero stated the FY 2020 budget includes \$41,000 for another police vehicle. This purchase will be funded by DUI fines. Alderman Greco asked how many police cars the City has. Public Services Director Ward replied there are seven (7) marked squads.

Public Services Director Ward discussed the Water Main extension at Summit Avenue. This project keeps getting pushed back because there is not much interest from the property owners to participate in the program. Alderman Greco suggested as part of a long-term plan when businesses want to develop these properties along Summit, the City should require an easement before approval.

Public Services Director Ward highlighted some future equipment purchases as detailed below.

1. In FY 2020 – replace the Public Services Director’s vehicle at \$33,000. Mayor Ragucci indicated the current vehicle will be changed into a pool car, once the new car is purchased.
2. In FY 2020 – Phase 2 of the street resurfacing project is budgeted at \$1,535,031. The price of this project could be decreased by \$150,000 if IDOT reimburses the City for the ramp located by Drury Lane. This project includes resurfacing on Spring, 14th, Trans Am, Frontage, and a portion of Blackstone. Mayor Ragucci asked if the project includes Comar Drive. Public Services Director Ward replied the project can include this street as well.
3. In FY 2020 – Phase 1 of the Streambank Stabilization project will begin next year with an estimated cost of \$65,100. Public Services Director Ward indicated he recently met with the project’s Environmental Engineer and there is still quite a bit of permitting needed. Alderman Esposito said this will be a huge improvement. Public Services Director Ward said the Environmental Engineer directed the City to stop cutting the creek bank because it jeopardizes the integrity of the banks.
4. In FY 2020 – the Spring Road street light will be upgraded to LED for an estimated cost \$8,000; with the possibility of ComEd reimbursing the City for a portion of the project.
5. In FY 2020 – the City will pay approximately 25% of the costs for the new traffic light being installed by the Village of Oak Brook at the corner of 16th Street and Spring Road. The City’s portion is estimated at \$75,000. The City has a vested interest at this intersection due to the hotels, Drury Lane, and residences located along Spring Road.
6. In FY 2021 – replace the T-1 2003 Pickup Truck for \$39,000.
7. Due to better pricing new curbs and gutters were included in the street resurfacing project in FY 2019 and in FY 2020. The FY 2021 budget includes \$80,000 for curbs and gutters. Public Services Director Ward said installing new curbs will require cutting into the newly resurfaced streets and then there will be patches.

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Public Services Director Ward said all the drainage concerns have been covered, so maybe the City can take a little break on installing curbs and gutters until the street condition deteriorates. This project will be evaluated annually.

8. In FY 2021– replace the front-end loader at \$85,000.
9. In FY 2022 – replace the T-2 Versa Lift Truck at \$115,000. This truck continues to pass the annual safety inspection.
10. In FY 2020 – replace the T-5 2003 Dump Truck with plow package for \$165,000. The new dump trucks have been a great addition to the City’s fleet and there has been a reduction in salt usage because these trucks are equipped with specialized salt spreaders that calibrate the salt output.

City Administrator Marrero discussed the Police Department’s capital requests for FY 2020 as detailed below.

1. In FY 2020 - The new mandatory ETSB report writing system will cost around \$30,000 annually for the next five (5) years.
2. In FY 2020 – the replacement of eight (8) in-squad laptops at \$38,324.
3. In FY 2020 – the replacement of seven (7) in-squad video cameras at \$70,621.
4. In FY 2020 - the addition of a license plate recognition unit at \$28,684. This new unit will be placed on the new squad. Mayor Ragucci indicated that parts cannot be replaced on the current unit, but that it is still working.

City Administrator Marrero summarized that capital projects for FY 2020 total \$2.6 million. Mayor Ragucci noted as far as capital projects goes; the City is in a really good position.

Business District

City Administrator Marrero projected the FY 2020 taxes collected within the Business District to remain flat at around \$587,000. The lack of growth in revenues does not cover future principal and interest payments. A deficit of \$833,000 is estimated in FY 2031, which is the same year that the Business District bonds mature.

Principal Issues Impacting the FY 2020 Budget

City Administrator Marrero noted the City’s total debt service requirements to maturity are \$11,824,319 for the Public Services Facility and the Business District. Although the City is unable to pay-off all the bonds at this time, it is realistic to pay-off some of the bonds when they reach their call dates. With transferring \$2.95 million in excess General Fund reserves to the Business District, the following bonds could reasonably be paid-off in FY 2020.

Bond Issue	Call Date	Balance Due @ Call Date	Est. Interest Savings
2010 A	12/15/2019	3,165,000	885,540
2010 B	12/15/2019	275,000	122,920
		3,440,000	1,008,460

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City Administrator Marrero indicated that paying-off the 2010A & 2010B will save the City over \$1 million in interest costs. This recommendation is made possible by the exceptional fund balance in the General Fund. Furthermore, this will allow the Business District to replenish their reserves and allow the early pay-off of the 2012A & 2012B bonds, which would save an additional \$218,000 in interest costs. This will also allow the early termination of the Business District tax. The Council concurred to pay-off these bonds early.

The General Fund is on track to have the highest record fund balance at \$9.1 million at the end of this year. Next year the General Fund's fund balance will dip to \$7.2 million due to the transfer of \$2.95 million to the Business District. City Administrator Marrero indicated that she would still like to see the ending fund balance for the current year, so she will make her final recommendation regarding these transfers after the audit is completed.

City Administrator Marrero said she would like to make another excess reserve General Fund transfer to the Water Fund in FY 2020 for the capital replacement fund. City Administrator Marrero said she will also be bringing forth to the Council a residential incentive program which will also be coming out of the fund balance. Mayor Ragucci indicated the City is in a good financial position and that he does not want to raise taxes or water rates at this time.

Financial Analyst Haslett discussed the City's new Five-Year Forecast, which was requested by Alderman Esposito last year. The Five-Year Forecast projects that the fund balance in the General Fund will continue to meet the 40% reserve requirement and the ending balance for FY 2024 is estimated at \$7,464,199. City Administrator Marrero noted that continued discussions of personnel requests will take place at the April 9, 2019 Executive Session and the public hearing and passage of the budget will take place at the April 23, 2019 meeting.

Mayor Ragucci thanked staff for their efforts at putting together the budget meetings. Mayor Ragucci thanked Alderman Thomas for attending his last budget meeting. Alderman Thomas said he appreciated working with the Council and staff.

ADJOURN

The meeting was adjourned at 7:42P.M.

Submitted by,

Aileen Haslett
Recording Secretary