

# Village of Lombard

*Village Hall  
255 East Wilson Ave.  
Lombard, IL 60148  
villageoflombard.org*



## Minutes

**Thursday, April 20, 2017**

**5:30 PM**

**Lorraine G. Gerhardt Community Room**

### **Joint Village Board of Trustees and Finance and Administration Committee**

*President Keith Cagwin, Village Clerk Sharon Ruderna*

*Trustee Dan Whittington, Trustee Mike Fugiel,  
Trustee Reid Foltyniewicz, Trustee Bill Johnston,  
Trustee Robyn Pike, Trustee Bill Ware.*

*Finance Committee: Chairperson Trustee Reid Foltyniewicz,  
Alternate Chairperson Trustee Robyn Pike,  
Mary Cation, Jim Hogan, David Cain, Jr.,  
Dan Hartweg, Jay Tovian, Ambareen Ahmed,  
Randy King and Michael Himmes*

## 1.0 Call to Order and Pledge of Allegiance

The Special Meeting of the President and Board of Trustees of the Village of Lombard and the Finance and Administration Committee held on Thursday, April 20, 2017 in the Community Room of the Lombard Village Hall was called to order by Village President Keith Giagnorio at 5:37 p.m. Director of Public Works Carl Goldsmith led the Pledge of Allegiance.

## 2.0 Roll Call

**Present** 13 - Keith Giagnorio, Sharon Kuderna, Mike Fugiel, Reid Foltyniewicz, Bill Johnston, Robyn Pike, Bill Ware, Mary Cation, Dan Hartweg, David Cain Jr., Randy King, Jay Tavian, and Michael Himmes

**Absent** 3 - Dan Whittington, James W. Hogan, and Ambareen Ahmed

Staff Present:  
Village Manager Scott Niehaus  
Director of Finance Tim Sexton  
Assistant Director of Finance Jamie Cunningham  
Director of Community Development Bill Heniff  
Director of Public Works Carl Goldsmith  
Chief of Police Ray Byrne  
Fire Chief Richard Sander  
Assistant Fire Chief Jerry Howell  
Human Resources Director Kathy Dunne  
Assistant Village Manager Nicole Aranas  
Executive Coordinator Carol Bauer

## 3.0 Public Participation

## 4.0 Discussion

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### 2018 Budget Planning Workshop

Trustee Reid Foltyniewicz, Chairperson of the Finance & Administration Committee, thanked the staff and committee members for their assistance in preparing the information for the FY 2018 Budget Planning Workshop. He noted it was a team effort. Trustee Foltyniewicz noted highlights from the March 29, 2017 memo from Village Manager Scott Niehaus as follows:  
The Finance and Administration Committee held three meetings

relative to the FY 2018 proposed budget (November 28, 2016, January 23, 2017 and February 27, 2017); the committee reviewed and discussed the revenue and expenditure options provided by the department heads at the November 28th meeting and requested additional information; on January 23rd, the committee reviewed the FY 2018 Budget Forecast & Plan Development presentation; staff provided additional details on specific expenses identified to eliminate a projected \$600,000 budget deficit for FY 2018; the Public Safety & Transportation Committee and the Community Relations Committee both met and discussed the proposed expenditure reductions relative to each committee; the Public Safety & Transportation Committee did not oppose any of the proposed reductions; the Community Relations Committee proposed the Meals on Wheels donation from the Village be reduced, but not eliminated at this time; each committee was given the 2018 Budget Forecast and Plan Development and overall the Village Committees are clear with the direction and strategies that are being considered; on February 27, 2017 the Finance & Administration Committee met to review feedback from other Village Committees on the proposed reductions and voted to recommend approval of the proposed plan to the Village Board; based on decisions of the Village Board from the 2018 Budget Planning Workshop, and if the Village Board is in favor of the proposed reductions, staff will prepare the necessary communication, ordinances and review any policy changes; Finance staff reviewed the actuarial reports received for Liability, Police Pension Fund and Fire Pension Fund; this data was used to develop a preliminary levy to incorporate into the 2018 budget forecast; staff will be updating revenues and inputting department requests over the next few months; staff will then determine if any additional Places for Eating Tax revenues and expenditure cuts are needed; the Village's Liability Tax Levy funding requirement based on the Village's financial policy has increased slightly from \$1,593,337 last year to \$1,639,712 this year (2.9%); the Village Board approved a change to the Village of Lombard Financial Policies in 2016 to levy for the actuarially-determined normal loss amount and any unfunded liability and to spread that over four years.

Police Pension Fund - the Village's Police Pension Fund Tax Levy requirement has decreased slightly from \$3,038,332 last year to \$2,979,197 this year (1.9%); the slight decrease in the Tax Levy is due to the changes to the assumptions; the Percent Funded has increased from 61.6% last year to 64.1% this year; there was a change with respect to Actuarial Assumptions from the prior year to reflect revised expectations with respect to mortality rates as mortality rates have been changed.

Firefighters Pension Fund - The Village's Tax levy requirement has increased slightly from \$2,190,707 last year to \$2,232,003 this year (1.9%); the slight increase in the Tax Levy is due to the increase in

salaries and was offset due to the changes in the mortality rate assumptions; the percent funded has increased from 72.5% last year to 73.7% this year.

Ambulance Fees - The Fire Department is completing an analysis of ambulance fees in order to recommend an increase to the Village Board to be adopted this fiscal year; the last ambulance fee increase was in FY 2009; based on information collected in Naperville's 2016 Ambulance Fee Survey of 122 participants, Lombard ambulance fees are below average; staff is reviewing the ambulance fees in accordance with the updated use fee policy passed by the Village Board last year that states, "At least once every three years, staff should review the Village's existing fee schedules to determine whether they are comparable to fees charged by other municipalities. The goal should be to remain competitive and to set Village fees at the mid-point or the 50% range of the surveyed communities."

Ambulance fees are considered user fees because there is a cost associated when a residents calls for and uses an ambulance in Lombard. While residents do pay Property Taxes, it is important to note that 92% of those taxes go to other taxing bodies and the Village receives less than 8 cents per dollar to run the Police, Fire, Public Works, Community Development and Finance Departments. When someone pays property taxes, they are paying for the ambulance to be staffed and available for their use if needed. However, when someone actually uses an ambulance for an emergency service, there are certain costs that are incurred by the Village and billing the user of the ambulance helps to recoup that cost. User fees/ambulance billing saves Village taxpayers money by shifting a portion of the total costs for providing these services to the individuals who use the services.

FY 2017 1% Places for Eating Tax Increase - Since the Places for Eating Tax was implemented, there have been ten new restaurants or expansions and two ownership changes in Lombard, with two more proposed restaurants soon to come. While the tax increase brings Lombard's Places for Eating Tax to 2% (\$.60 per \$30.00 meal, \$1 per \$50 meal and \$2 per \$100 meal), the data shows that this increase has not detoured restaurant business or visitors to Lombard.

Purpose: The purpose of the FY18 budget planning meetings is to ensure the employees, Village Committees, Board of Trustees and residents fully understand the current and future fiscal position of the Village; at this time, based on our projected FY 18 deficit (approx. \$600,000); the goal is to compile a list of year-over-year expenditure reductions in the General Fund that total \$300,000; this deficit is a moving target and may change based on revenue projections, unforeseen expenses, the economy, and State unfunded mandates/revenue reductions; last year the Village Board approved a Long Range Plan that included a 1% (\$1.6 million) revenue increase for the Places for Eating Tax; the FY 2017 budget included an

additional \$800,000 of the 1% Places for Eating Tax increase and \$800,000 in expenditure reductions; currently the Village projected for FY 2018 that we will need to use \$300,000 of the remaining Places for Eating Tax; this additional revenue will be used to match the expenditure reduction of \$300,000 or a 50/50 split.

Background: In 2016, the Long Range Plan was developed to address the rising cost of non-discretionary expenses; the FY 2017 budget was developed with the assumption that the State of Illinois budget will not significantly change the Village's revenues; staff will continue to monitor the State budget or other legislation that could severely impact the Village's revenues such as the State-shared income tax, motor fuel tax and property taxes; staff spoke to Village Committees at their monthly meetings to familiarize each committee with the current financial situation of the Village; specific items have been referred to committees for further vetting.

Results of FY 2017 Budget Process: successfully addressed the \$1.6 million deficit in an efficient and timely manner; \$800,000 in reductions/transfer of expenses; \$800,000 in new revenue; open and transparent process included multiple public meetings/discussions and extra communications with impacted stockholders; adoption of a Long Range Plan and Policy changes for future guidance; Finance and Administration Committee started work on the FY 2018 in November 2016;

Revenue and Expenditure Assumptions: revenue assumptions were reviewed and staff was very cautious on projections; revenue expenditures were reviewed and staff tried to over-budget expenditures.

Long Range Synopsis: The 5 year Multi-Year Financial Forecast for the FY 16 budget projected an estimated deficit of \$1.6 million for FY 2017; Prior to any changes in FY 2018 - 1% increase to the PFE Tax with 1/2% PFE Tax allocated to the General Fund and Expenditure Reduction of \$800,000 in 2017; The 5-year Multi-Year Finance Forecast for the FY17 budget projects an estimated deficit of \$590,000 in 2018, \$1.2 million in 2019, \$1.8 million in 2020, and \$2.4 million in 2021; all budget projects (FY 2017 and beyond) do not include any new retail projections (Sam's Club, Mariano's, etc.); 2018 proposed projections: projections include 2018 proposed plan (\$300,000 PFE/\$300,000 cuts) and estimated tax levy; staff has not updated the 2018 revenues and departments have not entered 2018 budget requests as of this time; all budget projections (FY17 and beyond) do not include new retail projections (Sam's Club and Mariano's opening and Ultra Foods closing).

FY 2018 budget estimated savings (50/50 split) - currently \$300,000 is needed to meet the 50/50 split. Proposed reductions total \$347,837. The proposed reductions were reviewed. Recommendations of proposed changes to the FY 2018 General Fund budget included:

increase General Fund revenues by allocating an additional \$300,000 from the remaining \$800,000 of the additional 1% Places for Eating Tax increase to reduce the projected budget deficit; expense reductions as recommended by the Finance & Administration Committee; Village Committees will discuss and review the policies/ordinances for a recommendation on changes to the Village Board; commence communications.

Next steps: target amount of \$600,000 (50/50 split) may be adjusted based on financial/economic changes; June - Village Manager meets with department heads to review department requests; July - Public Works and Environmental Concerns Committees review first draft of 2018-2027 CIP; August - Public Works & Environmental Concerns Committee reviews second draft of 2018-2027 CIP; and department heads present their proposed FY 2018 budget requests to the Village Board; September - Finance & Administration Committee to review the FY 18 proposed budget, tax levy and water/sewer rates; November - first and second readings of the annual operating budget ordinance, tax levy and water and sewer rates and approval of the 2018-2027 CIP. The goal is to reduce non-discretionary expenses to reduce future year deficits; staff will update the Boards and Committees throughout the year if an adjustment to the projected deficit is needed. Questions included: why does the Village not project more income from proposed development such as Sam's and Mariano's (the Village does not want to project any revenues from these developments until they are open and selling goods); the Village takes a conservative approach; no current positions are being affected, only positions of retiring employees or positions that are currently vacant being reviewed; Meals on Wheels program being reduced from \$40,000 to \$25,000; Village reviewing core services and responsibilities versus enhanced services; staff has met with DuPage Senior Citizens Council relative to the proposed cut in the Meals on Wheels program; some municipalities do not contribute to the Meals on Wheels program; Village Hall front desk services will be cut as cost-saving measure; majority of cuts are from Police Department budget and include retirement of one individual so night shift desk position will be absorbed into a day shift person and Police Department front desk staffing will be eliminated; a phone linked to DuComm will be installed in the front entrance of the Police Department to handle anyone walking into the station after hours and an officer or supervisor will be dispatched to the police facility to handle; survey of other area municipalities showed that the majority of Police Departments do not have an evening desk person; question relative to the \$123,000 deficit; with no changes, that would be the deficit; ALS and BLS ambulance fees will be reviewed; discussion relative to resident and non-resident ambulance fees; non-resident rate is close to double; discussion relative to Medicare and Medicaid coverage of ambulance

fees; question relative to multiple Fire Department calls from the same resident and fees.

**A motion was made by Trustee Bill Johnston, seconded by Trustee Mike Fugiel, to concur with the recommendations of the Finance and Administration Committee to include: increasing the General Fund revenues by allocating an additional \$300,000 from the remaining \$800,000 of the additional 1% Places for Eating Tax increase to reduce the projected budget deficit, expense reductions as recommended by the Finance and Administration Committee, Village Committees to discuss and review the policies/ordinances for a recommendation on changes to the Village Board and commence communications. The motion carried by the following vote:**

**Aye:** 11 - Mike Fugiel, Reid Foltyniewicz, Bill Johnston, Robyn Pike, Bill Ware, Mary Cation, Dan Hartweg, David Cain Jr., Randy King, Jay Tovia, and Michael Himmes

**Absent:** 3 - Dan Whittington, James W. Hogan, and Ambareen Ahmed

## 5.0 Adjournment

**A motion was made by Mary Cation, seconded by Trustee Bill Johnston, that the Special Joint Meeting of the Village Board and Finance and Administration Committee held on Thursday, April 20, 2017 in the Community Room of the Lombard Village Hall be adjourned at 6:16 pm. The motion passed by an unanimous vote.**

**Aye:** 11 - Mike Fugiel, Reid Foltyniewicz, Bill Johnston, Robyn Pike, Bill Ware, Mary Cation, Dan Hartweg, David Cain Jr., Randy King, Jay Tovia, and Michael Himmes

**Absent:** 3 - Dan Whittington, James W. Hogan, and Ambareen Ahmed