

I. Call To Order:

President Keller called the Regular Board Meeting to order at 7:30 pm.

II. Roll Call:

Present were President Keller, Trustees Voss, Price, Osth, Hanley and Yuscka. Trustee Gillam was teleconferenced in to the meeting. Also present were Village Manager Cavallaro, Village Attorney Brechin, Finance Director Danielson, Community Development Tymoszenko, Chief Burhmann, Chief Sawyer and one (1) person in the audience.

III. Pledge of Allegiance:

President Keller led the Board and the audience in the Pledge of Allegiance.

IV. Approval of Agenda:

MOTION: Moved by Trustee Osth and seconded by Trustee Price to approve the agenda as presented. Upon roll call, motion was approved.

V. Village President's Report: There was no report.

VI. Reports and Questions from Trustees:

Trustee Yuscka advised the Board if they are having trouble with their e-mail to contact Mike Spiro.

VII. Village Staff Reports:

Manager Cavallaro said the Grand Pointe subdivision paving is completed. He said he has received phone calls from the residents who were very happy with the Village's efforts.

Chief Burhmann comment on some changes in his monthly report, which were done in conjunction with a policy change from Quad Com and may contribute to a cost savings.

Director Babica reported that as of last Friday, 227 loads of leaves have been picked up. He said leaf pick-up will continue Tuesday and Wednesday. He plans to convert the fleet on Thursday for snow removal.

VIII. Questions from the Audience: There were no questions.

IX. Consent Agenda:

- A. Manual Check: Hogan Façade Loan
- B. Approval of Minutes 11/02/09
- C. Bill List: 11/16/09 Regular Board Meeting
- D. Motion to Authorize Professional Services for SH Gateway SSA

Trustee Osth asked how to word a motion so cost is part of SSA bond in Item D.

Manager Cavallaro said it will be part of the bond issue. He said there will be a Public Hearing in December or January. In answer to Trustee Price's question, Manager Cavallaro said the bonds won't be issued until February or March.

MOTION: Moved by Trustee Hanley and seconded by Trustee Price to approve the Consent Agenda as presented. Upon roll call, motion was approved.

X. New Business

A. 2nd Quarter 2009 Financial Report

Finance Director Danielson said the format for the 2nd quarter Financial Report is basically the same as in the past. He drew the Board's attention to page 8 of the report which listed the bank balances by fund and account and to page 9 which is a revenue and expense summary funds 1, 2, 4 & 5 for the 6 accounting periods completed. He stated that the majority of revenues have been collected for the year.

Director Danielson said the preparation for the current FY 2009/10 budget was a difficult one and strong attempts were made to reduce expenditures wherever possible. He said the approved budget for the year for the General Fund was \$8,223,715 which represents a decrease of \$209,523 from the previous year. He pointed out that no economic adjustments were made for non-unionized employees, health insurance benefits were decreased, and across all Departments, expenditure levels were closely scrutinized and decreased where feasible.

He said that the major revenue shortfall lies within the "intergovernmental category", of which sales tax is the single largest line item. He said that \$2,500,000 was included to be received in FY 2009/10 and at this point in the fiscal year, he is projecting that \$2,215,000 will be received, which will leave a deficit of \$285,000. He said that the sales of the Christmas season are important, but he is still projecting a decrease based on the economic climate.

He further added that the current recession has also impacted State Income Tax Proceeds and that the State of Illinois has recently reduced the anticipated per capita revenue amount from \$92.00 to \$77.00. In response to a question from Trustee Osth, Director Danielson said we get a monthly report from the State.

Director Danielson reported that development revenue has also been severely impacted by the current economic downturn. He reminded the Board that two years ago, all revenues relating to new construction were removed from the budget in order to avoid the extreme fluctuations that were experienced in past years. He also said the number of building permits that the Village has issued for maintenance type issues have been dramatically reduced and he hadn't forecast the maintenance downfall.

The other significant revenue downfall was the Hotel/Motel revenue. Director Danielson attributed this to the room rates which have been dramatically reduced in order to attract more guests.

Director Danielson drew the Board's attention to a thorough review of all the Departments that comprise the General Fund. He said the Departments are operating on a "bare bones" budget and across all departments, cuts have been made to reduce this year's budget by an additional \$227,467.

Next, Director Danielson gave a review of the past five year period for General Fund Revenues. He continued by saying that revenues for the past five years have been virtually flat and although expenditures have been modest, the gap between revenues and expenditures continues to widen.

He said the primary reason for the General Fund's revenue shortfall is attributed to sales tax revenue which over the last five year has lost \$1,000,000. He said that in order to address the shortfall in sales tax revenues, the Board has authorized increases in the Village's property tax levy for the past five years to our current tax rate which is .87.

Director Danielson said it has been the Village's goal to maintain General Fund Cash and Investments at or around the \$2,000,000 mark, which is about 90 days of operation for the Village. At the end of FY 2008/09 (April 30th), General Fund Cash and Investments were \$795,434. As of this date, the Village has \$1,191,000, but he reminded the Board that the majority of the revenues for this fiscal year have already been collected.

Director Danielson said that if no additional modifications are made to this year's budget, our anticipated cash/investment balance for the General Fund will be reduced to approximately \$430,000, which is unacceptable given our wide range of functions and possibilities for major unanticipated expenses.

Manager Cavallaro said it apparent that the Village has a significant revenue problem and that continuing to fund core municipal operations and meet a balanced budget for this year will be a challenge. He said the Village has three options to stem this decline. These options are to (1) increase revenues, (2) reduce expenses and (3) increase transfers from other funds.

Manager Cavallaro said that a real estate transfer tax was recommended to provide for an additional on-going revenue source, however it required voter approval and was defeated in a 2008 referendum. He also pointed out, that the Wal Mart facility hasn't come to fruition and waiting on potential revenue that would be generated cannot continue.

Manager Cavallaro said upon review of possible options, both he and Director Danielson are requesting the Village Board adopt a 5% municipal utility tax. The tax would be on both NICOR and ComEd bills. The tax would be collected by them and distributed to the Village on a monthly basis. It is estimated that the average homeowner would pay approximately \$125 in utility taxes per year, or about \$10 per month. Director Danielson said estimated annual revenues from a utility tax would generate \$400,000 on an annual basis, however he wants to work with NICOR and ComEd to be sure of the projected numbers. The utility tax would apply to both residential and commercial properties within the Village as opposed to other possible revenue options that would only impact single family homes, such as refuse collection or vehicle stickers. It was noted that if residents had to pay for refuse pick-up, recycling and leaf pick-up, it would cost the resident in the vicinity of \$275 per year.

Trustee Hanley inquired about the water and sewer fund. Director Danielson said the water and sewer fund has not met projections for revenues for the last three years. He said the cool, wet summers had resulted in lower consumption during our traditionally peak billing periods. He did say that expenditures for the fund appear to be in-line and are significantly lower than a year ago, when Well % went down and had to be repaired.

He also noted that corrective actions that were taken this past summer to reduce system leakage in the downtown area and should result in significant savings to the Fund. He also said that our

water rates are in line or lower than other neighboring communities and in conjunction with the 2010/11 budget a recommendation to a future rate increase, if any, will be made at that time.

Discussion was held among the Trustees with Trustee Osth recommending implementation of the utility tax and the transferring of funds from Fund 4 or 5 to Fund 1 with the commitment to replenish Fund 4 or 5 from additional resources in future years. Trustee Price also recommended the utility tax and inquired about raising the telecommunications tax to 5%. Director Danielson said you can do only one or the other and that the utility tax will generate more revenue and will affect both business and commercial. Trustee Yuscka asked if the 5% utility tax can be structured to be reduced or eliminated if revenues increase in the future.

Manager Cavallaro said it can be done by Ordinance or Resolution when and if revenues become available. He also added that a utility tax is the most prudent as it is easiest to implement, assists in diversifying our revenue sources and, most importantly, affects all of the properties, households and businesses within the community based on their utility usage. He also said it will be the only new source of revenue that the Village can expect to see in next year's budget.

After a lengthy discussion, the Board recommended transferring \$150,000 from Fund 4 to the General Fund with the provision that it be repaid. There will be a discussion and recommendations at the December 7th Board Meeting for expenditure reductions of \$115,000 for the remainder of the fiscal year.

B. 2009 Tax Levy Request

Trustee Hanley presented this item for discussion and pointed out the charts and graphs in the memorandum from Manager Cavallaro and Finance Director Danielson of what we have done with previous tax levies and a comparison of West Dundee to other neighboring communities.

Director Danielson said that the Village has in the past, targeted a desired tax rate and it is the recommendation that the Village's 2009 tax levy rate be targeted at .9000, the same as last year's agreed upon rate, but .03 higher than what was finalized. He said that with this in mind, the total levy would increase from \$2,612,000 to \$2,700,000. He said that this would translate to an overall increase in property taxes of \$88,000. He said in his discussions with the County, a slight decrease in the Equalized Assessed Valuation (EAV) is anticipated. He said, if this occurs, it is estimated the Village's EAV for 2009 will be \$300,000,000, a 0.6% reduction from last year's EAV of \$302,531,518.

In answer to questions from Trustees on the disparity in Pension Funds between the Police and Fire, and the recommended amounts from the actuarial study, Director Danielson said the Police Pension Fund has more assets and that the Fire Pension is not as exposed to the stock market. He further informed the Board that based on the unprecedented financial conditions that the Village is faced with, a recommendation is that the percent increases in the tax levies for both Police and Fire be 3.4% over the 2008 amounts.

Director Danielson asked the Board for direction for the 2009 Tax Levy and Trustee Osth addressed the other Board members saying that the utility tax is just to keep the lights on and we revisit the property tax rate every year, and although we pride ourselves on having one of the lowest tax levies, we can no longer afford to have the lowest property tax rate in the County. He said the property tax hits both the commercial and residential alike and therefore he is proposing a property tax amount of 1.05.

Discussion took place regarding the rates going up and down based on the EAV, the purpose of the tax increase to replenish the fund balance, Trustee Hanley asked that the rate be a 10 cent raise instead of a 15 cent raise, Trustee Price asked to add into the agreement to repay Fund 4 or 5 within four years, and Trustee Voss asked that the rate be reduce to \$1.00 instead of \$1.05 in light of the economy, i.e. job losses and the economic climate.

MOTION: Moved by Trustee Osth and seconded by Trustee Yuscka to recommend the tax levy for 2009 to be \$3,000,000. Upon roll call, motion was approved 6-0.

Ayes: Trustees Voss, Gillam, Price, Osth, Hanley and Yuscka

Nays:

Absent:

XI. Miscellaneous:

Director Babica informed the Board that the sludge press that was being rented was sent back. He also said the leaf vac was sold for \$4,050.

XIII. Adjournment:

MOTION: Moved by Trustee Osth and seconded by Trustee Voss to adjourn the Regular Board Meeting. The motion was unanimous.

The Regular Board Meeting adjourned at 9:50 p.m.

ATTEST:

Barbara Traver
Village Clerk

Larry Keller
Village President