

Village of Oak Lawn, Illinois
Municipal Center @ 9446 S. Raymond Avenue
Finance Committee Meeting Minutes #2020-05
Tuesday – October 13, 2020

1. Roll Call: by Village Clerk Jane M. Quinlan at 8:33 a.m.

Chairman Thomas E. Phelan
Trustee Tim Desmond
Trustee Paul Mallo

Also in attendance:

Village Manager:	William "Randy" Palmer
Assistant Village Manager:	Brian Towne
Trustee-4th District:	Terry Vorderer
Finance Director:	Brian Hanigan
Budget Director:	Adam Metz
Village Attorney:	Patrick Connelly
Village Attorney:	Kevin Kearney

2. Approval of Meeting Minutes #2020-04 dated August 6, 2020

Trustee Desmond moved, seconded by Trustee Mallo to approve Item 2.

Chairman Phelan-yes
Trustee Desmond-yes
Trustee Mallo-yes

Motion passed 3-0.

3. 2021 Budget Hearings Calendar: Proposal – 10/20 at 6:30 p.m.; 11/4 at 9:00 a.m.; 11/17 at 6:30 p.m.

The Finance Committee discussed that the meeting dates were all good.

Finance Director Hanigan explained that because of Early Voting at the Village Hall, the 10/20 and 11/4 meetings will have to be held at the Reich Plant.

4. S&P and Moody's Ratings Review: Tentative Dates & Times:

Chairman Phelan stated that Finance Director Hanigan, Village Manager Palmer and Assistant Village Manager Towne will be on the call to the rating agencies along with Chairman Phelan. The tentative dates for the calls are October 23rd and November 19th.

Trustee Phelan asked for a motion to advance Item 8. on the agenda.

Trustee Mallo moved, seconded by Trustee Desmond to advance Item 8. on the agenda.

Chairman Phelan-yes
Trustee Mallo-yes
Trustee Desmond-yes

Motion passed 3-0.

8. Electric Aggregation

Arnie Schramel from Progressive Energy discussed that the Village's Hybrid Program has been in place for three years now. The advantage of this program is that the Village gets a Civic Grant. He is recommending to the Village that the EPA Green Standard is 10%. Mr. Schramel recommends that for the Village and it maintains the EPA Green status and bumps up the Civic Grant. There is now another company besides MC Squared doing this program. Last year the Village did a one-year deal with MC Squared, but Mr. Schramel suggested that the Village look at the two-year program now because renewable energy prices are low right now and then Civic Grants can be a little bit higher. If the Village does a two-year deal now they can lock in at \$160,000 dollars per year for two years.

Finance Director Hanigan recommended doing the aggregation for two years now. The Civic monies can be used for what the Village Board decides they need it for.

Arnie Schramel stated going to 0% renewable would bump up to about another \$25,000 dollars a year.

The Finance Committee agreed to going to the two-year program for aggregation where the Green Standard is 10%. Finance Director Hanigan stated no resident would pay more than the ComEd rate.

Chairman Phelan asked that the aggregation item be on the next Board of Trustees agenda.

5. Cell Tower Enterprise Review:

Chairman Phelan explained that the Village starting looking at this earlier this year to assess the value of our enterprise with 10 or 12 towers, some being more marketable than others. The options for the enterprise would be to sell outright, do nothing or the ideal scenario is to partner with a company that knows the industry better and could manage it better than the Village could, but we still maintain.

Chairman Phelan stated the ideal scenario is a partnership, because the rating agencies frown upon giving away or selling revenue sources. We have two or three proposals/possible legitimate offers now.

Finance Director Hanigan stated that the revenue sharing is a key.

Chairman Phelan stated that he heard someone commenting on passing an ordinance restricting 5G small cells on street poles.

Village Attorney Kevin Kearney explained that small cells are pretty heavily regulated by the state and federal government and you cannot ban them, but you can impose some very reasonable zoning restrictions and charge a statutory fee for placing and filing an application to put one on. They have negotiated with AT&T and Verizon so far about a master agreement governing these, but there is very limited flexibility to municipalities to regulate these like you would regulate something else.

Trustee Desmond asked if any companies bidding on this will have any requirement that any 5G that comes in has to be on a cell tower.

Attorney Kearney stated there are lots of these small cells on light poles throughout the Village that need somewhere to be transferred to which are the larger cell towers. He stated that this is worth giving some more time to submit a proposal to evaluate more options. We can give a few weeks for that.

Finance Director Hanigan stated the Village sent out 11 or 12 proposals and we basically received five or six decent ones back.

Chairman Phelan clarified that the Village would give the companies access with an easement for marketing and future leases. The Village would also have an easement for dispatch equipment and police radios.

6. Patriot Station TIF Amendment:

Finance Director Hanigan explained that this is a new solution that the Village has been trying to work on with Community High School District 229 and Oak Lawn-Hometown School District 123 basically to access cash flow in one of our TIFs that was created a long time ago and has about seven or eight years to run. The Board of Trustees has directed implementing this to pay debt down and fund pensions.

Village Attorney Connelly stated this process is going back almost two years in looking at the downtown Oak Lawn TIF Districts. We settled on this amendment of the Patriot Station TIF which is the newest of the downtown TIF Districts. We have the eligibility report done by Teska Associates and there are a number of factors you have to hit and qualify for. Our expert thinks it qualifies, but it is not a slam dunk. We always want the school districts' approval and they have a feeling that anytime we create a TIF that this money is taken from them and held by the Village. The Village disagrees but that is their view of it. We are trying to make them whole and obviously we cannot just do an agreement with these two school districts because there are other entities involved.

Attorney Connelly stated that the Village presented the two school districts an idea where the Village would give them some capital fund money for their capital improvements; not a huge amount of money. We would obviously look to the TIF for the Village's own administrative costs. That is the last offer that the Village feels comfortable making. If we cannot make this work, what are our options? There is a Joint Review Board meeting that is scheduled for each TIF or TIF amendment (November 4, 2020 in this case) and if the school districts say no, it does not stop the TIF. Then this still comes to the Village Board for approval and you need a super majority to approve the TIF amendment. The Village is at our last offer with these two school districts.

Chairman Phelan asked what the benefit is for the Village regarding the amendment. He wants to be sure this is explained.

Village Attorney Connelly stated that properties that the Village are grabbing now along Cicero Avenue and 95th Street are sitting vacant. By including these properties you now have 23 years for whatever comes down the road. You always have to keep your tool bag full and it will link up with some other TIFs that could allow some portability of money to come down from other TIFs to pay off debt. The downtown TIF structure is not one whole piece.

Chairman Phelan stated that one TIF in particular has not performed well.

Finance Director Hanigan stated that it has performed ok but it is not contiguous. To be able to transfer money between TIFs you need to have them contiguous.

Village Attorney Connelly explained that they go back and forth a lot with the school districts on that they think if there is money sitting there that is surplus and that should go to all the districts. The Village disagrees with that surplus. If we do not go down this road with the amendment, there are still projects in that TIF that are TIF eligible and that money is TIF money that we can spend on sewers and infrastructure. The school districts see this as their money and the Village does not.

Finance Director Hanigan stated that there are projects in that TIF that can be serviced and make things better for residents.

Village Attorney Connelly stated that he believes the school districts respect the work that Finance Director Hanigan and Budget Director Metz has done trying to get to this point. It may come to a point where this just does not work. We have worked on trying to make this work for two years. Either we move forward and the school districts vote no and then this comes to the Oak Lawn Board of Trustees and they can approve the amendment.

Finance Director Hanigan stated this will be reimbursed by the TIF cash flows.

Budget Director Metz explained that he looked at specific pin numbers in this amended boundary and he took 2017 tax levy year, along with 2018 and 2019 and figured on average how much money they received a year; for District 229 it is about \$30,000 dollars and District 123 is about \$50,000 dollars. The expectation is the school districts will come back with their numbers and what they want. Ideally the Village would like it to go to term with the Cicero Avenue TIF which is another six or seven years and they are going to want 20 years which is the life of the Patriot Station amendment. The school districts are saying that they are missing out on \$2.4 million dollars.

Chairman Phelan stated the frustration is it is all the same taxpayers.

Finance Director Hanigan stated the Village is doing the development.

Village Attorney Connelly stated that in the past these agreements were called "Make Whole Agreements". If the Village wanted a TIF and the school districts were unhappy the Village would make them whole. This has been ruled illegal now and that is why the Village is looking outside of the TIF at an IGA and that would have to come from non TIF money. He has some ideas on how the Village balances out there. If this does not work, the Village would have to see if it is something the Village would like to pursue without the support of the schools.

7. OLREC Center Expansion/Re-Location Options:

Chairman Phelan explained that Emergency Communications Director Diana Tousignant had a meeting with members of the Regional Emergency Communications from surrounding communities. They ranked needs in terms of expansion to find a new location and looking at options. The Automotion office building was a desirable location and Chairman Phelan explained the scenarios that were discussed for that property. He also discussed another location they were interested in was the property where Jack's Towing is on Southwest Highway. This is a pressing need that we should probably be making a decision on soon.

9. Village of Bridgeview Sewer Issue

Finance Director Hanigan stated that the Village of Oak Lawn has a long standing issue with Bridgeview that former Manager Deetjen and others were involved in trying to resolve. This goes back for a long period of time and Finance Director Hanigan stated that Bridgeview owes the Village of Oak Lawn approximately \$4 million dollars. Mayor Landek of Bridgeview acknowledged a letter we sent to them in 2016. Mr. Hanigan has sent them three notices (bills) so far this year. There has been no response from Bridgeview. One route the Village could go would be to send this to a collection agency.

Chairman Phelan suggested that President Bury reach out to Mayor Landek on this issue.

Village Manager Palmer stated that he would reach out to Bridgeview first.

Budget Director Metz gave statistics on how many residents of Bridgeview were in this area where they are using Oak Lawn sewers. It is costing the Village of Oak Lawn \$30,000 dollars a month.

Attorney Connelly discussed that the Village of Oak Lawn provides other services to Bridgeview, so we can always shut down some of those services until Oak Lawn gets paid.

10. New Equipment Request

Chairman Phelan discussed this request was for two new fire engines for \$1.3 million dollars. Our protocol that is not in the contract is to send a fire engine along with an ambulance on ambulance calls. We can argue that 98% of our calls our ambulance calls so 98% of the calls cause wear and tear on the engines and the potential for problems which is magnified tenfold. The Villages of Evergreen Park and Chicago Ridge do not do this. Chairman Phelan explained if we even considered approving these engines, they would have to acknowledge there would have to be a basis for doing this. He did not know why we buy our fire equipment from Indiana. He suggested going to dealers in Illinois and negotiate the best deal.

Chairman Phelan stated that MABAS always helps out the community along with bordering communities and you will have plenty of engines that can show up regarding fires.

Trustee Desmond suggested that maybe fire engines should just go out on fire calls. The Finance Committee suggested a few different scenarios such as another ambulance going out or a police car instead of a fire engine. They discussed the different events that fire engines show up at such as parades, etc.

Finance Director Hanigan stated that the Village has five engines and two of them are in reserve with the same set up with our ambulances. He discussed the cost of these vehicles.

Chairman Phelan stated the Village of Chicago Ridge told him that they are not buying more fire trucks because Oak Lawn has them.

Trustee Vorderer asked why we are buying new equipment.

Finance Director Hanigan stated that it was suggested by the Village's Equipment Maintenance Department.

Chairman Phelan explained that we spend \$200,000 dollars on repairs a year and several are fire truck repairs. He stated we have to have this discussion and that this is a reasonable request to not send out the engine with an ambulance.

Trustee Vorderer stated that these engines are being over used for purposes that they were not designed for. He asked how we can cut back on using that piece of equipment so much.

Chairman Phelan stated communities with fewer resources usually end up buying used equipment like ours.

Finance Director Hanigan suggested discussing this issue with Fire Chief Riddle at the October 20th budget meeting.

11. Elected Official Compensation:

Chairman Phelan discussed that last month talking to Village Manager Palmer about the budget, Manager Palmer talked about people who really stepped up during COVID and Clerk Quinlan's name came up. Chairman Phelan stated a survey was done in 2019 and the Oak Lawn elected officials were on the lower end across the Board, except maybe for the Mayor. The Clerk works full time and the other elected officials are part time. Chairman Phelan asked to update the survey from 2019. The decision to change the pay of elected officials has to be done within 180 days of the next election. We are within 25 to 30 days to be able to do this. He stated that Clerk Quinlan was not running for office again and this is not about her, but about the position.

Clerk Quinlan stated that she did know if elected officials should be recommending another elected official to get a raise. This has nothing to do with her because her pay has not changed in 15 years. She stated this does not look good with COVID and people out of work and losing their businesses.

Village Attorney Connelly stated that we are coming close to that time frame to be able to change elected officials compensation, and from his opinion all of the elected officials in Oak Lawn are woefully underpaid.

Chairman Phelan does not mean to say to Clerk Quinlan that we do not care what she thinks. He knows that she would say that because she is a great public servant. We also have to think about the fairness moving forward relative to Clerk Quinlan's efforts. She has been doing the Clerk's job for 16 years without a pay increase. He stated Clerk Quinlan's compensation was really low.

Clerk Quinlan asked about the compensation for the Trustees.

Trustee Vorderer stated if we do a pay raise for elected officials; it should be looked at for all of them.

Chairman Phelan stated that the Clerk's job is full time and the Trustees are part time. He said Clerk Quinlan did not ask for a pay raise and there is a pre-dated email regarding this.

12. Economic Development:

Chairman Phelan stated there was some market on the Automotion property. There are some car dealers interested to come into the Village and the funeral home at 95th and 52nd Avenue is for sale. We should be mindful of that and they are asking a big number for the funeral home property. The Stony Creek pad was discussed and there is a big price tag on this. This has been stalled with COVID.

Village Manager Palmer stated that Mr. Mancari has approached the Village and would like to purchase the Jack's Towing building. He rents this property from the Village now. He has linked this to doing an appraisal. Manager Palmer thinks we need to get an appraisal if the Village would be moving forward with the sale of that building. Mr. Mancari stated that he would split the cost of the appraisal. The Oak Lawn Park District has sold the property across the street for \$500,000 dollars.

13. Revenue & Expenditure Update:

Budget Director Metz stated that revenues are projected to be down \$4.6 million dollars and we are at \$1.2 million dollars now. The only thing really rocking now is state use tax based on online sales and real estate transfer tax. We cut a lot of expenditures this year but not enough to cover the revenue fall-off.

Finance Director Hanigan stated that there is still a structural deficit here and that is what the rating agencies look at. We have still paid a lot of debt so the debt that is out there is less risky. The debt is all pension related.

Chairman Phelan discussed that we have paid down debt aggressively in the last six or seven years and what do we get for that. We have to look at things a little differently. He explained in the end pension is debt and it is an incredibly unfair debt. We are never going to have enough money. We have to start addressing the real issue here and look at increasing our fund balances.

Finance Director Hanigan stated if we did not have the pension debt, we could deal with everything else. When you layer in \$5 million dollars a fund it is challenging. We put in for a flat levy.

Budget Director Metz explained that last year we increased the gas use tax (which is in effect) and Home Rule sales tax which did not increase because of COVID and that would have gone into effect on July 1st.

Chairman Phelan asked Budget Director Metz to look at the "what ifs" and put that percentage table together.

Chairman Phelan stated that his taxes went down and it was a real reduction. He did appeal his taxes. He explained he wanted to make sure people knew where their taxes were going. Only 11 to 12% of their tax bill is for the Village of Oak Lawn. He thanked Finance Director Hanigan and Budget Director Metz for their efforts in making cuts where they needed to be.

Chairman Phelan discussed the inspection process we have. There is health, rental and property Maintenance. We hired a company to do this and in 2019 we paid them about \$305,000 dollars. On the revenue side it was approximately \$600,000 dollars. We are giving half of that away to a company to do this. With a revenue item, rating agencies see this is recurring revenue. He believes this is a technology issue in getting everyone in the system, and then this becomes relatively easy to manage. In the past Inspector Jeanne Galzin did the inspections and the enforcement. It appears at this time there is nobody to guide this department.

Village Manager Palmer stated that he is working on bringing somebody in as we are re-structuring the whole property maintenance division. This person could be someone with a legal background to do the liens and streamline the process. We could eventually bring in part time people to do what SafeBuilt is doing now and save \$300,000 dollars a year.

Chairman Phelan stated we are talking about a million dollars here when we add this up. There will be a cost to the Village to do some of this work. In his opinion this is the most structurally unsound thing that the Village is doing. Hopefully next year we will turn this program around.

Trustee Vorderer stated it is an extremely important program in maintaining property.

Finance Director Hanigan stated when the new meters were put in we asked people if they owned or rented their property. We are working on that to create a data base. All of the inspectors should be able to keep track of this information on their laptop.

Village Manager Palmer discussed the Push Tax hearings that have taken place in the Village and they are done now. It all comes down to the gaming companies saying they cannot do what the Village ordinance requires and they are being fined on not following the Village ordinance. Then they brought somebody in that works for the terminal operators and they said they could do what the ordinance requires regarding calculations.

Finance Director Hanigan stated the terminal operator for Petey's Bungalow figured out the calculations before anyone else and they were the first to comply.

Chairman Phelan stated that these calculations can be done as he met with a person associated with a gaming company and he had the calculations to the dollar as he calculated the pushes.

Village Attorney Connelly stated that Waukegan went with Oak Lawn's Push Tax and now Waukegan is being sued. The wheels are turning now as they are in with Oak Lawn on wanting the Push Tax. Attorney Connelly stated that they keep hearing that Springfield may change the law and there is not a whole lot the Village can do regarding this and they could pre-empt Home Rule. People are now asking Chicago why they are not having video gaming. If Chicago has video gaming he thinks at this time these terminal operators may not care if they pay the penny Push Tax because they will have so much money coming in from Chicago.

Finance Director Hanigan discussed that the Village found a water meter in the basement of Advocate Christ Medical Center which 53 million gallons of water has gone through. The Village has never been

paid for this. It is basically \$355,000 dollars that the Village was never paid for. This meter has since been changed out.

Chairman Phelan asked how the Village's water department did not know this. The Village will be sending a letter to Advocate regarding this problem. There are six meters at Advocate and five of the six have been paying for water.

14./15. Village Vendor Data/Enterprise Software:

Chairman Phelan discussed vendor data and that our accounting system software has been pretty poor. Chairman Phelan put together with staff a picture to show by company in 2019 and year to date 2020 to June. He wanted to see what is being spent; where and why? This year will be important to eliminate wasteful spending and start consolidating. There are 800 plus vendors, with 70 having Oak Lawn addresses. There are some duplicate efforts being done regarding software which we are looking at now. We have spent \$3.5 million dollars in the last 18 months regarding Village vendors. There has to be a determination made by our department heads that we will be more efficient and save some money.

Chairman Phelan discussed spending monies and had questions if the Village could do a better job in spending more money in Oak Lawn instead of other towns. He discussed the data that the Village has and how it has to be updated to be more accurate. There has got to be a better way to manage this vendor list and to look at saving money for the Village. He discussed the vendor list for Fall on the Green. Once a year Village staff should contact our vendors to make sure we have their updated contacts and let them know they will be receiving a letter for Fall on the Green.

Chairman Phelan discussed that the Village does want to get enterprise software. We need an outside person who is an expert or knowledgeable about municipal governments. IT Specialist Tom Swaw is probably one of our better employees and very knowledgeable about what we do.

Chairman Phelan would like to look for a municipal consultant and get something pretty basic where we could add modules on. Our new payroll system will be a good test.

Finance Director Hanigan stated the best time to look at this is during the summer months before we are doing the budget.

16. New Business

Chairman Phelan discussed in the current scenario we have to fund police-\$4.6 million and fire \$4.8 million in 2021. By 2025, for police it goes up to \$6.1 million, in 2030-\$7.9 million, 2040-\$9 million and 2050-\$11 million dollars. Basically double that and we still have this massive pension liability.

Chairman Phelan stated there is the potential in 2021 to save \$2 million dollars. There is a potential to pay this off and he discussed pension bonds and rates are low. He is not suggesting doing this and we have to talk to Dan Denys of Austin Meade Financial and get the most updated information.


Finance Director Hanigan stated that Dan Denys has all of the Village's updated information on pension debt. He asked Chairman Phelan what are the savings with a pension bond.

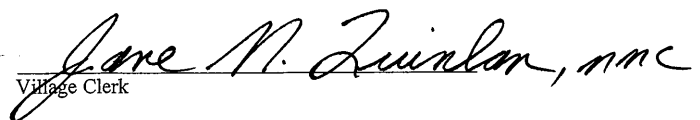
Chairman Phelan stated it would be the reduction in the annual funding in a pension bond scenario. It is not true savings, but a pension bond would be freeing up cash flow that we ordinarily would be forced to put into the pension funds that we will have to put back in the pension funds anyways which helps to pay that bond down faster. That is the basic thing he saw that we have to flush out. We cannot keep having Finance meetings, talk about this and nothing happens.

17. Adjournment:

Trustee Mallo moved, seconded by Trustee Desmond to adjourn at 10:20 a.m.

Voice vote; All voted aye. Motion passed 3-0.


Chairman Phelan


Village Clerk