

Village of Oak Lawn, Illinois
Municipal Center @ 9446 S. Raymond Avenue
Finance Committee Meeting Minutes #2020-06
Tuesday – December 15, 2020

1. Roll Call: by Village Clerk Jane M. Quinlan at 9:04 a.m.

Chairman Thomas E. Phelan
Trustee Tim Desmond-departed at 1:00 p.m.
Trustee Paul Mallo-departed at 11:15 a.m.

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
Director of Emergency Communications:	Diana Tousignant
Village Financial Advisor:	Dan Denys
Village Attorney:	Kevin Kearney

2. Approval of Meeting Minutes #2020-05 dated October 13, 2020:

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

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

Motion passed 3-0.

Chairman Phelan discussed how we are going to operate the Village from the top down. We have an unorthodox methodology as 80% of his time here has been horrible. The last 20 months, things have been pretty good from a work perspective and people taking responsibility. The Village has been going over the same thing over and over again expecting a different result. Chairman Phelan stated with the work load it either gets done and falls off or something gets challenged, might be a disagreement, but then it is formally approved. Last year we were not able to do that. Chairman Phelan discussed how he is being dragged from his family and job to do the Trustee job.

Chairman Phelan discussed threats and eliminating them. We have been consistently downgraded on our bonds because of low reserves and liquidity. This is something the Board has chosen to do in not raising taxes for years. There are people that want us to fail in the Village. He stated when there are weaknesses, remediate them. When there are opportunities exploit them. When there are strengths expand on them. He discussed how the Board has to get more information on issues and he has had no report in months. This is a time for a wake-up call.

Chairman Phelan stated this week we are still facing a \$3 million dollar deficit after cuts, layoffs and deferrals. We have to raise taxes this year as there is a COVID pandemic which we are not out of yet. There should already have been a table presented to look at this. We hired Dan Denys as the Village's financial advisor to help us manage finances. We were getting \$400,000 dollars in cash flow as Public Works managed our cell towers. This is supposed to be a finance issue. We have been sitting on piles of money because they are sitting on a piece of paper.

Chairman Phelan discussed many delays in the timeline he outlined on many things that have to be looked at that the Village controls and were a priority. He stated it is not his job to go out to find companies to send RFP's to, especially with the cell phone tower enterprise the Village has. He stated the Board is not getting information that they should know and that they have asked for. Chairman Phelan had asked for months about the redesign of the Village Hall which should have already been done as far as people moving their offices. He had questions on the Advocate pilot payment where Advocate said the Village did not follow paperwork in a timely fashion. We are paying over a million dollars a year of taxpayers money to employees in the Village and things are not getting done. Chairman Phelan discussed Pete's Market and how nobody in the Village was quite sure what was discussed between the Village and Pete's Market. Chairman Phelan had to listen to the Executive Session digital recording to be sure what was said.

Chairman Phelan discussed Family Services and the Oak Lawn Senior Center. He suggested that the Senior Center could be in the Oak Lawn Library as they have many resources. It costs the Village \$200,000 dollars a year to have the Senior Center located in a school. Also discussed was the Automotion property and possible retention going in there. Chairman Phelan has heard no response on this in 140 days.

Chairman Phelan discussed that he and Trustee Mallo discussed the Village acquiring homes near the Public Works buildings. The Village has purchased four of five homes that they were interested in. He asked who was responsible for overseeing this and why are we doing this. The Management team is being pulled in all directions and it is a good indication of why things are not getting done. Village building codes were discussed and how they are outdated; being up to date would create more opportunities for the Village regarding development. Chairman Phelan stated he did not know if the Village is doing a good job, but property taxes are lower today than they were in 2008. He was appealing to the Management team's broader sense of pride to just get the job done. We are constantly dealing with threats and weaknesses. He discussed how good Village Manager Randy Palmer

was in being cost effective and that is a great posture to have. Gaps in expertise were discussed and the Board is trying to help the current staff address gaps.

Chairman Phelan discussed how former Mayors were busy with full time jobs and were not able to reach out to as many contacts that they could have. The Village was told that they lost out on funding because of that and that is an example of gap expertise. Hopefully with a new Mayor who has experience and is good in building relationships, we can move forward. Chairman Phelan will keep on making sure that things get done in the Village. He asked the Management team to come up with a plan and commit to it in the next few weeks and 2021 will be a better year than 2020.

Trustee Mallo discussed that staff should be proud of what has been done and knocked off the list of things that have to be accomplished. He asked that they let the Board know those things. He does not see a list from anyone but Chairman Phelan, but he would rather see the list come from staff.

3. Revenue:

The Finance Committee and Village staff suggested various revenue revisions to the 2021 Budget in order to address the operating and structural deficits of the Village's General Fund and Water & Sewer Fund (\$4,539,085 and \$398,330, respectively).

Dan Denys, the Village's financial advisor discussed the attitude in the Village is to keep the property tax flat. It is 25% of the General Fund budget. If you have a million dollar property tax, it would work out to approximately \$40 dollars a household. This year we are going through a re-assessment. The assessor is not increasing the assessed values of residential properties for this three year period. He explained the property tax increase percentages on residential properties at 1.5% and commercial properties at 22.1% and that property taxes are essential. Dan Denys discussed the Senior Citizen Tax Exemption (\$8,000 on a typical house with \$59,314 EAV--13%.) There is also the Senior Freeze for seniors that have incomes under \$65,000 dollars. There are safeguards to protect seniors and seniors that need help are getting it.

Chairman Phelan agreed with Dan Denys on help for seniors, but we have to do things for the broader population as well.

Dan Denys stated that the Village has not raised property taxes in 15 years.

Chairman Phelan stated that the Village is looking at things that we currently tax. He discussed the various agenda items for this meeting and opinions may vary with the Board.

Trustee Desmond asked why the Village wants to raise property taxes. He said that is easy. He asked if there were other ideas out there instead of raising property taxes.

Dan Denys stated that they are going to lay out all the options in addressing the budget deficit.

Chairman Phelan stated by raising taxes, it covers everyone. He stated the Village has been mindful on being fiscally responsible, but we are faced with the pension deficits.

Trustee Desmond stated that he would not mind having the highest food and beverage tax in the state or the highest water use in the state.

Finance Director Hanigan discussed sales tax. We are increasing the Home Rule sales tax by 25 basis points which was approved a year ago and we delayed this with COVID-19 as it was supposed to start in July, 2020. This is already in the budget now.

Chairman Phelan discussed the food & beverage tax. Finance Director Hanigan was not a fan of that tax and he was recommending putting the Home Rule sales tax increase in and making it 50 basis points and not doing the food and beverage tax. Chairman Phelan discussed that water use is billed four times a year. He suggested possibly going to monthly billing and water use could be increased. Finance Director Hanigan stated they were looking at this, but printing and postage costs will be more. A \$.10 increase would bring in another \$92,000 dollars.

The Water and Sewer fund has three components; 1) regional system which we get \$1 million dollars in the General Fund now, 2) water retail and 3) sewer. Anything we do regarding this section, will not address the \$3 million dollar deficit. This fund has a \$398,000 dollar deficit. Chairman Phelan stated we have a legitimate reason to address deficits. Finance Director Hanigan stated that we can get rid of that \$398,330 deficit in water with voting on this at one of the Board of Trustees meetings in January, 2021 with raising the commercial/industrial rate. This would be the least amount of impact on residents.

Trustee Desmond clarified that the Village has a sewer residential and commercial/industrial rate.

Budget Director Metz discussed commercial rates and how they impact businesses and what category they are in.

Finance Director Hanigan clarified that he will take care of getting rid of the deficit in water. There will be an ordinance on this at a January BOT meeting.

Finance Director Hanigan stated regarding Home Rule sales tax that the Village would put a 50 basis point increase in Home Rule sales tax. The Village's sales tax would then go from 9.75% to 10.25%.

Chairman Phelan clarified with Dan Denys questions on raising property taxes at possibly \$1 million or \$1.5 million dollars and how that would affect households. If you raise taxes \$1 million without the shift it would be approximately \$42 dollars and at \$1.5 million it would be approximately \$60 dollars. If you have the shift at \$1 million, it would be \$9 dollars. This would be a one-time circumstance.

Budget Director Metz discussed the projected budget General Fund deficit for the year 2020. The Finance Committee looked at different scenarios on how to cut the deficit. Real estate transfer tax was discussed with possibly putting a \$150/\$200 dollar increase in for expedited services. There are many requests for this from sellers and their attorneys that come in the Village. Attorney Kearney stated this increase would have to be tied to a means. This would be a new fee. Finance Director Hanigan recommended increasing this fee at \$200 dollars.

Budget Director Metz discussed water rates and how they are billed out. He also discussed bringing up the water minimum fee from \$28.80 dollars to \$45.00 a year and increase \$.25 per 1,000, that is your \$500,000 dollars. Finance Director Hanigan stated you will be impacting seniors and this is just for water. That would take the minimum bill from \$60 dollars to \$68 dollars on a quarterly basis. The minimum water rate is \$58.50, the minimum water use consumption tax is \$23.50 and the minimum sewer is \$7.20. Before you turn the spigot on it is \$90 dollars. Finance Director Hanigan stated there is a minimum charged for service and we have pretty much left that alone because seniors tend to use much less than the minimum amount of water. If the minimum bill increases \$8 dollars, that would bring in \$134,000 dollars. The average senior household uses about 4,000 to 5,000 gallons of water.

Budget Director Metz discussed tobacco licenses and currently the Village charges \$93.75 on an annual basis and there are 51 stores. The recommendation is to come up to \$200 dollars on an annual basis. The Motel tax was discussed and they are not recommending raising the fees. Currently there are no fees for health inspections. They are proposing a new fee. The way the fee is being proposed is high risk (82 companies) like a Mariano's, medium risk (45 companies) and low risk (35 companies) like a Kenwood that does not sell prepared food. There would be a tiered structure of \$150, \$100 and \$75. This comes to approximately \$19,500 dollars. This is a true expense of the Village that we have not been getting revenue for.

Assistant Manager Towne clarified that Advocate was giving the Village a check for the water meter Advocate had not been paying for. Finance Director Hanigan stated the Village would be getting a check this week. This check is for water that the Village has already paid for. Manager Palmer asked if they were also going to pay for arrears and Finance Director Hanigan stated yes.

Budget Director Adam Metz discussed new ideas. One is for banks/financial institutions/public safety fees where 22 banks in Oak Lawn require police services each year. A license fee of \$5,000 dollars a year has been proposed and that is \$110,000 dollars. At this time the banks are just paying \$75 dollars a year for a business license.

Dan Denys stated the Village could have business licenses in a broader category based on police costs and administrative costs. You could also double the fees for permits.

Attorney Kearney stated you have to be cautious with a user tax for a specific service.

Chairman Phelan stated that he did not think businesses would balk at paying some of these fees and we could be looking at another \$100,000 dollars.

Finance Director Hanigan recommended looking at all of our permits and business licensing.

Budget Director Metz stated that there are two items we have to talk about. One is the Push Tax and there is \$896,000 dollars in the budget; high risk and low probability of collection. Finance Director Hanigan stated we have received \$3,000 dollars. The other item is called Economic Development regarding Advocate.

Chairman Phelan stated hopefully this will always be the case about how we look at the structural nature of our operation. If we have the time and opportunity we are looking at a list of seven or eight reasons why the Village is justified on making changes; he does not want to leave anything red.

Dan Denys discussed the Truth and Taxation issue to deal with right now. If you go over 5% of your tax levy from last year you have to go through the Truth and Taxation process. Dan Denys stated \$711,925 would be 5%.

Attorney Kearney stated if you are increasing your aggregate levy by 5% over the prior year you have to comply with the Truth and Taxation law which requires a public hearing.

Finance Director Hanigan stated the way to solve the rest of it would be to lift the restriction that we add on the ComEd tax and the Nicor tax which currently goes to fund our capital reserve. We will still be able to use the money for streets and alleys.

Dan Denys discussed the process if the Finance Committee decides to have a Truth & Taxation public hearing to allow people to comment on the proposed levy increase.

Trustee Desmond asked why we are talking about having a public hearing to raise taxes over a million dollars when we still want to talk about the cannabis occupation tax.

Chairman Phelan stated that the Board has not passed allowing cannabis. There may not be four votes for it.

Finance Director Hanigan stated he thinks we can get to the million dollars by looking at the abatement levy and delaying that. He believed they could get to the number they wanted to and the abatement could be filed in April.

Budget Director Metz discussed that the Village will file the abatement ordinance in April and the Village can tell them we have all these bond series outstanding, and the county automatically levies for the principle and interest. The Board then tells the county we have other revenue sources and we are going to abate that and we will lower that amount saying that we do not have other revenue sources.

Chairman Phelan stated as we go down the list of ideas to balance the budget, such as potential cannabis, we can solve the problem and get to zero as stated by Finance Director Hanigan. We are trying to get the deficit down from \$4,539,085.

Finance Director Hanigan stated the levy has to be filed by December 29, 2020, but we can file an amended levy and take it down.

Chairman Phelan asked for an answer that we can figure out this with no real problems.

Finance Director Hanigan believed that we could solve this without going to Truth and Taxation.

4. Cell Phone Towers:

Chairman Phelan discussed cell tower leases buyout options. He hoped there was a clear recommendation. The Village's hope was to maximize upfront dollars and maintain as much ownership moving forward knowing that our ownership is ownership by people that really do not know the industry or technology. He asked Village Manager Palmer what he was thinking in the best offer from a maximized value maintaining ownership.

Village Manager Palmer did an overall analysis on the towers we have with the income, what we owe. We identified 12 companies to send RFP's to and we heard from six. Responses received have been reviewed and narrowed down to SBA, Towerpoint and Mobilitie. They looked at the lengths of the contracts and the Village requested they wanted a split partnership. The Village believed in putting forward Towerpoint which is a better long-term partner for the Village of Oak Lawn.

Finance Director Hanigan discussed that the Village was prepared to select Towerpoint as we would get \$3.5 million dollars upfront and it would be a 50/50 partnership. There does seem to be a fair amount of negotiating room here. He suggested maybe bringing SBA and Towerpoint back to the Finance Committee with their final numbers.

Chairman Phelan asked what the risk is here with the long term and he wanted to understand the logic such as leases for 55 years or 30 years.

Attorney Kearney explained that the Village is locked into some pretty lengthy current leases on the Village's towers. They are allowed to make upgrades or allowed to swap equipment in and out and the leverage point the Village has is to re-negotiate the terms on some of these leases if they are increasing a load on the towers. Attorney Kearney stated that makes him nervous and he would rather have a 30 year lease.

Discussion on the existing leases took place. Attorney Kearney stated any new leases on the towers, the Village gets 50% and any amendments to the leases would be 50%, but a smaller number than a new lease. A 55 year lease is not what you usually do with service providers.

Attorney Kearney stated SBA is one of the three largest providers that have approximately 70% of the tower market and Towerpoint has done this type of transaction before. SBA probably has deeper connections to the carriers and a larger footprint. With Towerpoint they will probably focus more on providing the service to the Village because the Village will be a bigger piece of their enterprise.

Finance Director Hanigan stated with SBA the Village has to guarantee them \$218,000 dollars annually. He did not think this was a particular risk.

Attorney Kevin Kearney agreed. He stated the Village has broad proposals and we need more details. We are speculating that they all want the \$218,000 dollars annually.

Chairman Phelan stated that someone has to do due diligence on this. We cannot have another month go by. We have to manage more than one thing at a time.

Dan Denys stated that the Village has three great offers. He wanted to see these companies give us their standard contracts. We will tweak this for the best deal for the Village of Oak Lawn. He thinks we have a window of opportunity over the course of the next three to six months as he believes rates will go up. Getting this done as soon as possible is very important. We have a reason to be urgent on this.

Attorney Kearney stated the information that we are going to go on in January, 2021 will be substantially more detailed than the information we have now. It should be a contract.

Village Manager Palmer stated that based on the information we received, his position if nothing changes would be to go with the one he recommended. He also stated that the \$218,000 dollars bothered him.

5. Real Estate Sales:

Village Manager Palmer discussed that the property the Village is selling at 92nd and Kilpatrick is close to closing in January, 2021. The Jack's Towing property received a proposal and we will be closing on that property soon. Kevin Kearney let the buyers know that the Board of Trustees has to approve the contracts and then they can close as soon as there is Board approval.

6. New OLREC HQ:

Chairman Phelan discussed that the Village has now purchased four out of the five homes on 98th and 55th Avenue. The current Trustee had no understanding what the purpose of that was except to house salt. Chairman Phelan said there are two things here; communication, clarification/purpose. He said if we have no near term use for these homes do we try to rent them out and get some money back. The only reason he said that is because Trustee Mallo's son was talking about him and two people renting a house somewhere and that is not the purpose though. We are sitting on assets for no clear purpose and he does not know if storing salt was a very good idea to buy five homes.

Chairman Phelan discussed the new proposed OLREC center and the possibility of going to the Oak Lawn water tower at 98th and Massasoit or maybe where the Village purchased the homes at 98th and 55th Avenue.

Director of Emergency Communications Diana Tousignant stated she reached out to their architect/engineer and they went past the area, but not to look at those houses because they were not aware. Now you are looking at four houses and the two existing towers, one is close to the homes and they would have to run a tunnel and put in fiber underground. Fiber is expensive and the longer you run it the more susceptible it is to something happening to it.

Staff discussed which homes the Village owned. Village Manager Palmer stated he did learn that the homes purchased were going to be used for storing equipment as the Village was selling the 92nd and Kilpatrick property. As of now the Village is using the Automotion property to store equipment. The last of the five homes that the Village wanted to purchase, the owner did not like the numbers from the appraisal the Village did. This owner now stated the Village would have to communicate with her attorney.

Diana Tousignant stated that she did not think this was a good location regarding where the homes are. The 98th and Massasoit water tower would be more ideal. What she was looking for from the Board of Trustees at this point is the authority and approval that OLREC/Joint Board can go ahead and start looking at cost and how they are going to fund this. There have been many studies done and properties looked at and they have been kicking the can down the road pretty much since she started working at the Village on this issue. There are no federal grants at this time to do this building. This will not affect anyone else's budget or increasing a budget.

Chairman Phelan apologized for our collective road blocks going back to communication and coordination that we are very poor at. He asked can the Board of Trustees authorize this and pursue this piece of property.

Village Manager Palmer thought we were going to do some kind of ground lease or something along those lines.

Diana Tousignant stated they were tax exempt. The Village will pay approximately 38% into the operations and maintenance and everyone still pays into a capital reserve. This will be its own structure.

Village Manager Palmer would like to get the authority from the Finance Committee to move to get an appraisal on that property at 98th and Massasoit. Finance Director Hanigan stated that the Village has to donate this land to OLREC and the best thing to do is come up with the square foot value of it and adjust our administrative fees. There will be a lease.

Trustee Vorderer asked Diana Tousignant if the property was ideal for the center and he was good with that and wanted to keep the 911 Center in Oak Lawn. Diana stated it would be about 18 months to build the center. This item for a vote would be on the January 12, 2021 Board of Trustees agenda.

7. Village Hall Redesign:

Chairman Phelan stated this has been discussed beginning 10 years ago by him and Trustee Olejniczak. Trustee Olejniczak has the operations experience and has always questioned why certain offices were located in certain places. There is some inefficiency there. The idea was constituency services on the first floor. There has been discussion with some employees on this. They will take into consideration for offices in the area where the 911 center is now located at Village Hall. Again, he would like to get an optimal plan in place.

Village Manager Palmer stated that originally the Village Hall was supposed to be the police station. He is looking to approve an assessment space utilization study by Studio GC and the amount is in his wheelhouse to approve. With COVID-19 some things have been pushed aside.

8. Other Business:

Finance Director Hanigan stated on pension payments we made the first quarter, but he worked it out with the two boards and he does not know when we are going to be able to make those.

Village Manager Palmer stated that he would put the Frank Cortese contract as the Village lobbyist on the next Board of Trustee agenda. Also he was going to engage Chris Lavoie of CM Lavoie & Associates.

Finance Director Hanigan discussed the Village auditors and he asked them to cut their fee. The auditors gave Brian Hanigan a five year proposal. For a one year proposal they cannot cut the fee to the level the Village wanted. The auditors have been in the Village for 11 years.

Chairman Phelan stated that he likes the auditors and thinks they do a great job. The Village has an obligation to change for the sake of change. He asked that this item be tabled until January, 2021.

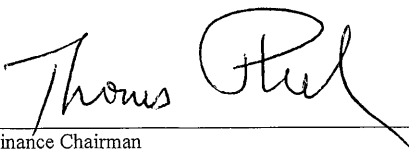
Trustee Vorderer stated Dixon, Illinois kept their same accountants for 20 years and look at what happened there.

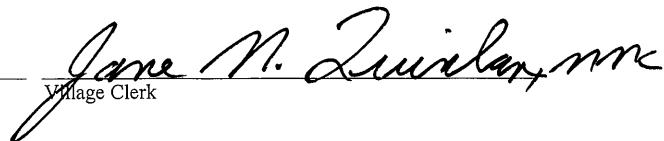
Finance Director Hanigan stated they might have to keep the auditors for one year because we do have the start of the audit.

Assistant Village Manager Towne stated we should definitely prepare an RFP for 2022 going forward. In January, 2021 we can discuss whether we retain the auditors for one more year.

Chairman Phelan stated they are a reputable firm and he has no problem with them. He asked to get the RFP together. We have an obligation to make sure we are doing the right thing. He asked if everyone could just collectively commit to just resetting and starting over with looking at our departments and jobs and move things along.

The Finance Committee adjourned at 1:09 p.m.


Finance Chairman


Village Clerk