

**Village of Hinsdale
Finance Commission
Minutes of the Meeting on September 1, 2011**

Members Present: Chairman Hughes, Commissioners Posthuma, Morris, Waldo and Maali

Members Absent: Commissioner Kushner

Staff Present: Darrell Langlois, Assistant Village Manager

Others Present: Trustee Elder

Meeting Called to Order at 7:33 p.m.

Approval of Minutes

Chairman Hughes asked for a motion to approve the minutes of the March 3, 2011 Commission meeting. Commissioner Posthuma requested that the minutes be revised to clarify that the memorandum on Gateway was authored by Darrell Langlois, Gina Hassett, and Commissioner Posthuma. Commissioner Waldo noted a couple typographical errors. Chairman Hughes asked for clarification as to the Gateway discussion noted in the minutes. Mr. Langlois provided a synopsis as to what transpired with Gateway subsequent to the Finance Commission discussion that resulted in a 5% increase in the Village's contribution over the prior year. Commissioner Waldo motioned for the approval of the minutes for the March 3, 2011 meeting, Commissioner Morris seconded. Motion passed.

Agenda Items

Before undertaking the Agenda Items, Chairman Hughes noted that it has been a number of months since the last meeting. The Agenda format has been designed to get everyone caught up as to what has transpired since March. We will review the April 2011 Treasurer's Report to review where the year ended, the July report on where the Village is currently, and then there will be an update on other financial matters.

Review and Discussion of the April, 2011 Treasurer's Report

Mr. Langlois noted that sales tax revenue ended the year at \$2.6 million, which was \$229,000 or 9.6% above the prior year. Income tax receipts totaled \$1.4 million, which was 1.8% below the prior year but ahead of budget as a reduction of 5% was assumed. The state ended April 30 three months in arrears. Going forward we expect state distributions to be about 5% below current levels due to changes in census. Food and beverage tax ended the year 7.8% over the prior year. Property tax collections were 99.2% of budget; about \$17,000 of the under budget performance is timing-related. Utility tax revenues ended the year 4.8% below budget but above the prior year. Permit revenues were above budget and \$405,000 above the prior year due to receipts from Hinsdale Hospital.

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Legal Fees ended the year approximately \$50,000 below budget. Commissioner Waldo questioned the status of the two new platform tennis courts and the fund raising status. Mr. Langlois reported that overtime costs in both the Police and Fire Departments ended the year over budget due to the effect of staffing reductions resulting in more overtime to meet minimum manpower requirements. Appropriate adjustments have been made going forward. Chairman Hughes questioned a number a salary related variances that Mr. Langlois provided an explanation for. In summary, the end of year operating results were favorable, which enabled the Village to transfer \$1.4 million to the Infrastructure Fund, which was \$900,000 above the amount budgeted. The ending fund balance was \$4,142,000 which is 26.7% of operating expenses.

Review and Discussion of the July, 2011 Treasurer's Report

Mr. Langlois presented the July 2011 Treasurer's Report. The report covers the third month of the 2011-12 fiscal year, which would be 25% on a straight-line basis. Additional information on major revenues received thought the date of this report is also addressed in some of the narrative sections.

Base Sales Tax receipts for the months of July increased by \$18,631 (10.4%) and August increased by \$7,593 (3.8%). This marks the twentieth consecutive monthly increase since posting an average monthly decline of 13% for the previous twelve months. Year-to-date base sales tax receipts for the first four months of FY 2011-12 total \$792,963, which is an increase of \$56,788 (7.7%). This variance is favorable when compared to budget as this revenue source was projected to increase 4% in the FY 2011-12 Budget. Total Sales Tax receipts (including local use taxes) for the first four months of the fiscal year total \$875,632 which is an increase of \$68,668 (8.56%). Commissioner Morris questioned whether these amounts include the new non-home rule sales tax. Mr. Langlois noted that these revenues would begin to be received in October.

Income Tax revenue for the months of July decreased by \$2,822 (-2.1%) and for August increased by \$2,358 (2.7%). Total Income Tax receipts for the first four months of FY 2011-12 total \$486,779 a decrease of \$5,019 (-1.02%). This variance is unfavorable when compared to budget as an increase of 2% was assumed in the FY 2011-12 Budget, but is still holding up well due to the census formula change. The State remains three months or \$319,882 in arrears on payments owed to Hinsdale.

Mr. Langlois reported on property tax distributions as June is the first major tax collection month. Property tax collections through July amount to \$2,627,375 which approximately 45.6% of the Village's \$5.76 million tax levy.

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Utility tax collections for Gas, Electric, Telecommunications, and Water Utility Taxes for July were \$178,061, which is \$4,362 or 2.4% below previous year's receipts. Year to date utility tax collections are \$506,501, which is \$963 or 0.2% above the prior year.

Building Permit revenue for July totaled \$67,224, which is significantly below the amount of \$433,983 received during the same period last year whereby the Village received significant non-recurring permit revenue from Hinsdale Hospital related to its expansion project. Year to date permit revenue is \$270,086, which is \$24,771 above the straight line budget allocation from this revenue source. Commissioner Waldo questioned whether staff could track new home permit fees from renovation permit fees, which will be investigated by staff in the context of implementing new permit software.

As July is only the third month of the fiscal year, most operating expenditures for all Departments are still well within budgetary expectations. Total legal billings through July amount to \$53,865, which is tracking below budget for the first three months of the year and some of it is reimbursable from developers.

Effective May 1, 2011 the Police Pension Fund and Firefighter's Pension Fund have outsourced their accounting services to the CPA firm of Lauterbach and Amen. As such, data from these two funds has been excluded from most of the monthly Treasurer's Report presentations. Lauterbach and Amen will provide a comprehensive reporting package that I will forward periodically.

The severe storms occurring in June and July will likely result in unbudgeted costs in excess of \$110,000 contained in a number of various line items in the Public Services Department. During the year we will look to find offsets in as many line items as possible but we may need to utilize part of the \$200,000 contingency.

Water and sewer fees for the first three months of the year total \$1,275,214 as compared to the prior year amount of \$1,575,038, which is a decrease of \$299,824 or 19.04%. The primary cause of this variance is a decrease in consumption due to the wet spring weather. This decrease is supported by a decrease in gallons purchased from the Du Page Water Commission; April gallons purchased declined by 17% and May gallons purchased declined by 14%. It is expected that this will result in a decrease of \$60,000 in the amount paid to DWC. On a net basis the Village is about \$240,000 below budget. Beginning in June, 2011 staff has been pursuing a number of accounts that we believe have slow and stopped meters that so far has resulted in over 125 meters being changed and we still have a number of other accounts to address. Mr. Langlois expects this to have a noticeable change in water billings over the remaining nine months of the year. There was significant dialogue between Mr. Langlois and the Commission regarding water revenues and the meter situation, whereby Mr. Langlois indicated this was the only area he is presently concerned about as it relates to budget performance.

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Chairman Hughes asked about the Village's water purchased versus gallons billed and how this stacks up with industry standards and what Mr. Langlois has observed elsewhere. Mr. Langlois indicated that having accounted for flow in the 85% to 90% range was desirable, and Hinsdale's rate is somewhat below that. As Hinsdale is an older town with older infrastructure and meters, the ability to increase this performance could require significant outlays in terms of meters and reading technology. Hopefully the ongoing meter replacement will improve these numbers, but eventually additional investments may be required. Chairman Hughes indicated he would reach out to Trustee Geoga and President Cauley to offer Finance Commission assistance in this area.

Commissioner Morris questioned that financial status of the pool operations. Mr. Langlois noted that pool memberships were down but most of that was offset by sales of ten day passes. On a net basis results are consistent with budget. Commissioner Morris also noted declines in KLM usage fees and Mr. Langlois indicated this is currently being reviewed.

Financial Matters Update

Since the Finance Commission has not met formally since March 3, 2011, the following update was given to the Commission on a number of finance-related issues that have occurred since March:

At the last meeting the draft budget was the major item discussed. The Commission endorsed the draft budget as presented; subsequent to this discussion there was a minor revision in some line items to adjust for the retirement of one police officer. Otherwise the FY 2011-12 Budget was adopted as presented. The adopted budget maintains a fund balance reserve in excess of 25% and includes a contingency line item of \$200,000.

During the FY 2011-12 Budget process the ending General Fund balance was projected at \$3,993,829 or 25.7% of operating expenditures. The actual ending General Fund balance was \$4,142,476 or 26.7% of operating expenditures. It is expected that this number will be confirmed in the Village's financial audit, which is presently in draft form and will be finalized in the next 30 days.

The Village has been awarded an OSLAD State grant of \$150,000 for a number of improvements at KLM Park. This award is in addition to a prior award of \$150,000 from Lyons Township, used primarily for a new picnic shelter also at KLM. The Village also received a grant of \$42,000 to hire additional youth summer workers in various park and recreation operations. Both grants were not included in the FY 2012 Budget. Staff are also still waiting to receive grant proceeds of \$28,000 from FEMA related to 75% of the costs incurred from the 2011 Blizzard. All of the paperwork has long been submitted, but

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staff has been advised that the agency responsible for disbursing the funds is way behind in processing.

The FY 2012 Budget included two separate borrowings from the IEPA for capital improvements-the first loan of \$444,160 relates to the Garfield Street project completed last year; the second loan of \$3,683,300 relates to the Chestnut Street project, which is expect to start very shortly. All of the paperwork has been completed by the Village and approved by IEPA; we are now in the process of having the loan proceeds disbursed. The loans are payable over 20 years based on simple interest of 1.25%, which is obviously on very favorable terms.

About eighteen months ago, during the review of the Draft FY 2010-11 Budget, the Village was confronted by the need to raise water and sewer rates by 31% in order to increase funding for capital improvements and to pass along a number of rate increases imposed by the Du Page Water Commission (DWC). During the Finance Commission review of the Budget and the rate increase proposal at that time, the Commission specifically commented on the financial problems facing the Water Fund being partially related to the Village not previously passing on increases imposed by DWC. Effective May 1, 2011 the DWC once again increased wholesale water rates by approximately 10%, resulting in a projected cost increase of \$190,000 annually to the Village. In May, 2011, the Village increased its water rate by 3.5% in order to pass along 100% of the rate increase to the Village's water customers.

During June, 2011 Fitch Ratings performed an update of the Village's bond rating, which ended up being upgraded from AAA-Negative Outlook to AAA-Stable Outlook. A copy of the press release is attached. There has obviously been a lot of coverage of the rating agency downgrade that Standard and Poor's (the other agency that rates Village debt) has given to the US Government and the possible impact on municipal obligations. As the Village does not receive much federal funding it is not expect that this will impact the Village's current AAA rating with S & P.

In January, 2006 the Village of Hinsdale adopted an Early Retirement Incentive Program (ERI) for IMRF employees as a budget reduction measure. As an inducement to retiree, employees over age 50 were given the option to retire under IMRF's "5+5" program whereby they would receive five years of age and an additional five years of service credit to what they had already earned at that time. In 2006 and 2007 there were 14 employees who elected to retire under this program.

The Village cost of this program is being funded over ten years and at the end of 2011 is expected to have a balance of \$1,376,000 remaining. In May Mr. Langlois was approached by Dan Kaplan of Kaplan Financial Consulting, Inc. with the suggestion that the Village consider selling bonds in order to pay off the remaining ERI liability. Mr. Kaplan correctly pointed out to me that at the beginning of each year, the Village's IMRF

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account is assessed a charge of 7.5% on the beginning balance in its ERI liability reserve account; on January 1, 2012 we are schedule to be charged \$121,609 in interest for them carrying the ERI liability.

In the refinancing proposal, the Village would issue taxable pension obligation bonds (tax exempt financing is not available for this purpose), and at today's rates we would expect the average interest rate to be around 2.25%, which would result in an interest rate savings of 5.25%. In addition, if bonds are issued this year and the ERI liability paid prior to December 31, 2011, this Village will avoid the \$121,609 interest charge scheduled to be assessed by IMRF on January 1, 2012. Including issuance costs of approximately \$55,000, we would expect an issue size of approximately \$1,435,000, which would yield a total savings of approximately \$375,000 over the next six years, split about 80/20 between the Village and the Library (they participate in IMRF with the Village).

The Village Board and Library Board have both authorized proceeding with the refinancing. We expect to sell the pension obligation bonds in October.

When the Infrastructure Investment Plan was completed in December, 2009, the Plan included a total of \$13.1 million for pavement, water and sewer, and sewer separation work in the Woodlands. Including the expected resident contribution of \$2 million (equal to 40% of the roadway improvements), the total cost of the project was expected to be approximately \$15.1 million. Subsequent to the adoption of the plan, the Village has undertaken preliminary engineering on the project that has confirmed the \$15.1 million figure, and at the present time the planning has assumed carrying out this work over a five to six year period.

During the summer, Village officials have met with the Woodlands residents to hear their feedback on the potential project as well assessing their buy-in to the required cost sharing. The required cost sharing would be financed by the establishment of a "special service area", which would consist of approximately 200 tax parcels in the Woodlands. The Village would sell special service area bonds of \$2 million, with a separate property tax being levied on each parcel based on the equalized assessed value in order to fund the required debt service.

It is expected that the Village Board will be considering whether or not to move forward with this project in the next 30 to 45 days. If this project does move forward, the Village will definitely have to include additional borrowing in order to accomplish the work contemplated in the Infrastructure Investment Plan. Assuming that the work plan progresses as currently contemplated (without additional phasing of the majority of the plan or the Woodlands project), it is expected that the Village would need to borrow \$18 to \$20 million over the next four years.

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The severe storms that occurred in June and July will likely result in unbudgeted costs in excess of \$110,000 contained in a number of various line items in the Public Service Department. We are aware of potential offsets in a number of personnel related accounts due to staffing vacancies, and staff will look to find offsets in as many line items as possible in order to minimize or avoid using any of the \$200,000 contingency amount.

At the conclusion of the Financial Update, there was dialogue between the Commission and Mr. Langlois regarding the actuarial approach for determining police and fire pension contributions. Mr Langlois noted that this will likely be handled by ACA, and that the Fire Pension Board is planning on making a presentation at their next meeting. Mr. Langlois noted that Village Board has been levying taxes at the state minimum amount and funding above this would be considered during the budget process. Chairman Hughes indicated he would talk to President Cauley about the upcoming agenda for the Finance Commission including whether the pension issue should be discussed by the Commission.


Adjournment

As there was no further business to come before the Commission, Commissioner Morris moved to adjourn the meeting, seconded by Commissioner Maali. The meeting was adjourned at 9:14 p.m.

Respectfully Submitted:

Darrell Langlois
Assistant Village Manager

MEMORANDUM

Date: November 14, 2011
To: Finance Commission
From: Darrell Langlois, Assistant Village Manager Finance Director 
RE: Infrastructure Investment Plan Update

In December of 2009, Village Staff completed the Infrastructure Investment Plan. The Plan was completed after a number of months with significant input from the Finance Commission in order to schedule, prioritize, and estimate the cost of over \$86 million in infrastructure improvements over the next 15 years. A copy of the 2009 Plan is attached for your review.

In building the original plan, a number of assumptions were used in estimating the cost component. As now approximately two years has elapsed since the plan was completed, Chairman Hughes has requested an analysis of actual bid results compared to the original plan in order to assess the validity of the costing assumptions. For your review, attached is a comparison prepared by Village Engineer Dane Deeter for four major projects that have had bids awarded in the last two years.

Since the plan was adopted in 2009, the Village has tried to maintain the schedule outlined in the report. Grant funds, loans from IEPA, and currently dedicated revenues have been used to finance the plan so far. In addition, we began receiving revenue from the new 1% non-home rule sales tax in October, 2011. As we have known all along, the Plan is "front loaded", especially with the inclusion of the Woodland's project, which is estimated at \$15 million.

The Village Board discussed this front loading issue several months ago in the context of the Woodlands project in order to determine how much borrowing would be used in order to stay with the schedule contemplated by the Plan. The compromise arrived at by the Village Board would limit borrowing to \$10,000,000 above the amount of the IEPA loans already awarded. The revenue/expense exhibit used to arrive at the Village Board compromise is attached for your review.

**Review of Recent Projects
Against the Master Infrastructure Plan
(MIP)**

	Construction			Contingency			Engineering			Total	Comments	
2010 Resurfacing	MIP Est.	\$	1,123,634	\$	168,545	\$	168,545	\$	168,545	\$	1,460,724	Major differences with MIP: Did not use the construction contingency and engineering was ~half of estimate.
	Initial Bid	\$	995,989					\$	71,215	\$	1,067,204	
	Final Cost	\$	931,848					\$	75,030	\$	1,006,878	
Garfield Street	MIP Est.	\$	1,750,744	\$	262,612			\$	262,612	\$	2,275,967	Major differences with MIP: Expanded scope once Stimulus \$\$ awarded. Eng'r'g was higher due to duration.
	Initial Bid	\$	2,330,000					\$	380,375	\$	2,710,375	
	Final Cost	\$	2,430,490					\$	438,187	\$	2,868,677	
2011 Resurfacing	MIP Est.	\$	1,344,973	\$	201,746			\$	201,746	\$	1,748,465	Major differences with MIP: Expanded scope to use remaining budget. Initial Eng'r'g was ~half of estimate.
	Initial Bid	\$	1,312,578					\$	89,530	\$	1,402,108	
	Final Cost ¹	\$	1,595,240					\$	118,830	\$	1,714,070	
Chestnut Street	MIP Est.	\$	3,538,462	\$	530,769			\$	530,769	\$	4,600,000	Final Cost is within 10% of MIP estimate.
	Initial Bid	\$	3,728,196					\$	481,616	\$	4,209,811	
	Final Cost ¹	\$	3,748,196					\$	476,216	\$	4,224,411	

Notes

1. Estimated quantity. Project is on-going or has not been closed out.

Village of Hinsdale
Infrastructure Master Plan Comparison
Summary By Year

Calendar Year	MFT	Infrast.	Water Cap.	Total	2011	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Fiscal Year	FY 10-11	FY 10-11	FY 10-11	FY 10-11	FY 11-12B	FY 11-12E	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	Total
Revenues																				
Sales Tax					1,150,000	1,150,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	20,650,000
MFT (less 50/50 Sidewalk Program)	406,180			406,180	380,000	380,000	380,000	380,000	380,000	380,000	380,000	380,000	380,000	380,000	380,000	380,000	380,000	380,000	380,000	5,726,180
Utility tax		716,136		716,136	717,000	717,000	725,000	725,000	725,000	725,000	725,000	725,000	725,000	725,000	725,000	725,000	725,000	725,000	725,000	10,858,136
Corporate Fund (1)		1,400,000		1,400,000	1,100,000	1,100,000	1,000,000	1,000,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	21,000,000
Water & Sewer (3)			1,120,994	1,120,994	1,221,491	1,221,491	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	24,342,485
Infrastruture Transfer			900,000	900,000	600,000	600,000														1,500,000
Woodlands SSA Bonds					-	-	2,100,000	-	-	-	-	-	-	-	-	-	-	-	-	2,100,000
Garfield/Chestnut Street IEPA Loan				-	4,200,000	4,127,460	-	-	-	-	-	-	-	-	-	-	-	-	-	4,127,460
Bond Issue				-	-	-	5,000,000	-	5,000,000	-	-	-	-	-	-	-	-	-	-	10,000,000
Grants (2)	77,908	125,632		203,540	50,000	1,670,478	300,000	-	-	675,000	-	-	-	-	-	-	-	-	-	2,849,018
Total	484,088	2,241,768	2,020,994	4,746,850	9,418,491	10,966,429	12,505,000	5,105,000	10,605,000	6,280,000	5,605,000	5,605,000	5,605,000	5,605,000	6,105,000	6,105,000	6,105,000	6,105,000	6,105,000	103,153,279
Costs																				
Resurfacing	275,646	1,229,043	898,029	2,402,719	1,799,530	1,719,731	2,079,033	2,012,082	1,734,449	2,003,478		810,819	922,821	1,386,712	1,753,141	1,367,653	1,193,018			19,385,656
Reconstruction				-	5,000,000	5,736,709	4,426,517	4,345,361	3,761,285	4,032,225		2,596,307	2,392,299	2,251,109	3,187,085	4,058,548	964,320			37,751,765
Maintenance (4)				-	-	-	300,000	300,000	300,000	300,000		1,250,000	1,250,000	1,250,000	1,250,000	2,250,000	2,250,000	2,250,000	2,250,000	15,200,000
Woodlands		47,238		47,238	131,540	134,302	5,202,510	202,072	4,203,100	246,178	5,120,494									15,155,894
Debt Service-IEPA				-	-	-	235,000	235,000	235,000	235,000	235,000	235,000	235,000	235,000	235,000	235,000	235,000	235,000	235,000	3,055,000
Transfer to Water Capital		900,000		900,000	600,000	600,000														1,500,000
Bond Debt Service				-	-	-	-	350,000	350,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	7,700,000
Total	275,646	2,176,281	898,029	3,349,957	7,531,070	8,190,742	12,243,060	7,444,515	10,583,834	7,516,881	6,055,494	5,592,126	5,500,120	5,822,821	7,125,226	8,611,201	5,342,338	3,185,000	3,185,000	99,748,315
Excess (Surplus)	208,442	65,487	1,122,965	1,396,893	1,887,421	2,775,687	261,940	(2,339,515)	21,166	(1,236,881)	(450,494)	12,874	104,880	(217,821)	(1,020,226)	(2,506,201)	762,662	2,920,000	2,920,000	3,404,964
Beginning Balance	157,883	855,077	(1,334,531)	(321,571)	1,519,745	1,075,322	3,851,009	4,112,949	1,773,434	1,794,600	557,719	107,225	120,099	224,979	7,158	(1,013,068)	(3,519,269)	(2,756,607)	163,393	(321,571)
Ending Balance	366,325	920,564	(211,566)	1,075,322	3,407,166	3,851,009	4,112,949	1,773,434	1,794,600	557,719	107,225	120,099	224,979	7,158	(1,013,068)	(3,519,269)	(2,756,607)	163,393	3,083,393	3,083,393

- Notes:
- Minimum Corporate to \$1M in FY 12-13, and to \$1.5M in FY 14-15
 - Washington FY11-12 (50) & FY 12-13 (\$300K); Garfield 1620478 2012; 2015 675K Oak/Walnut FAU Grant
 - Steps up to \$2,000,000 in 2020 after expiration of the Veeck Park bonds

**Village of Hinsdale
Infrastructure Investment Plan
Financial Estimates**

Version 1.1

December 3, 2009

Dan Deeter, Village Engineer

Darrell Langlois, Assistant Village Manager

Contents

- Version Summary
- Objectives and Scope
- Planning Approach
- Key Assumptions
- Plan Summary
- Risks and Mitigants
- Supporting Worksheets

Version Summary

Version	Date	Description
1.0	29 Oct 09	Initial complete documentation of 2009 re-cast of plan.
1.1	3 Dec 09	Finance Commission Adopted Plan

Objectives and Scope

The 2009 re-cast of the infrastructure investment plan updated the prior (2008) version of the plan beginning with a modified scope.

Objectives

- Create plan to address failing roads and the need to make improvements to sewer and stormwater system to comply with regulations
- Address suspected deteriorated sewer and water lines coinciding with planned road and stormwater work
- Supply cost inputs for infrastructure investment decisions
- Provide for sufficient maintenance to prevent additional roads from deteriorating to Poor or Failed condition

Scope

- Repair all roads in Poor and Failed condition
- Perform all work required to meet regulations and agreements with the Federal EPA, Illinois EPA, and FCWRD as documented in the Village Stormwater Master Plan
- Perform currently identified sewer and water remediation projects

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Planning Approach

The plan included a greater level of detail with specific projects identified in order to quantify efficiencies captured when road, sewer, and water work is coordinated.

Approach

- Start with 2005 pavement and infrastructure assessment and 2008 investment plan
- Scope includes all improvements to meet legal agreements to reduce stormwater discharge to FCWRD and EPA goal for combined-sewer discharges
- Define projects and maintenance to fully meet scope requirements
- Group and sequence work using scoring system considering tested road conditions and estimated water and sewer conditions (based on age and trouble reports)
- Add ongoing maintenance to meet scope requirements
- Scrutinize and adjust unit costs assumptions given 1) recent actual experience and 2) consultant's report
- Examine and adjust contingency for appropriate cushion for size, nature, and duration of plan

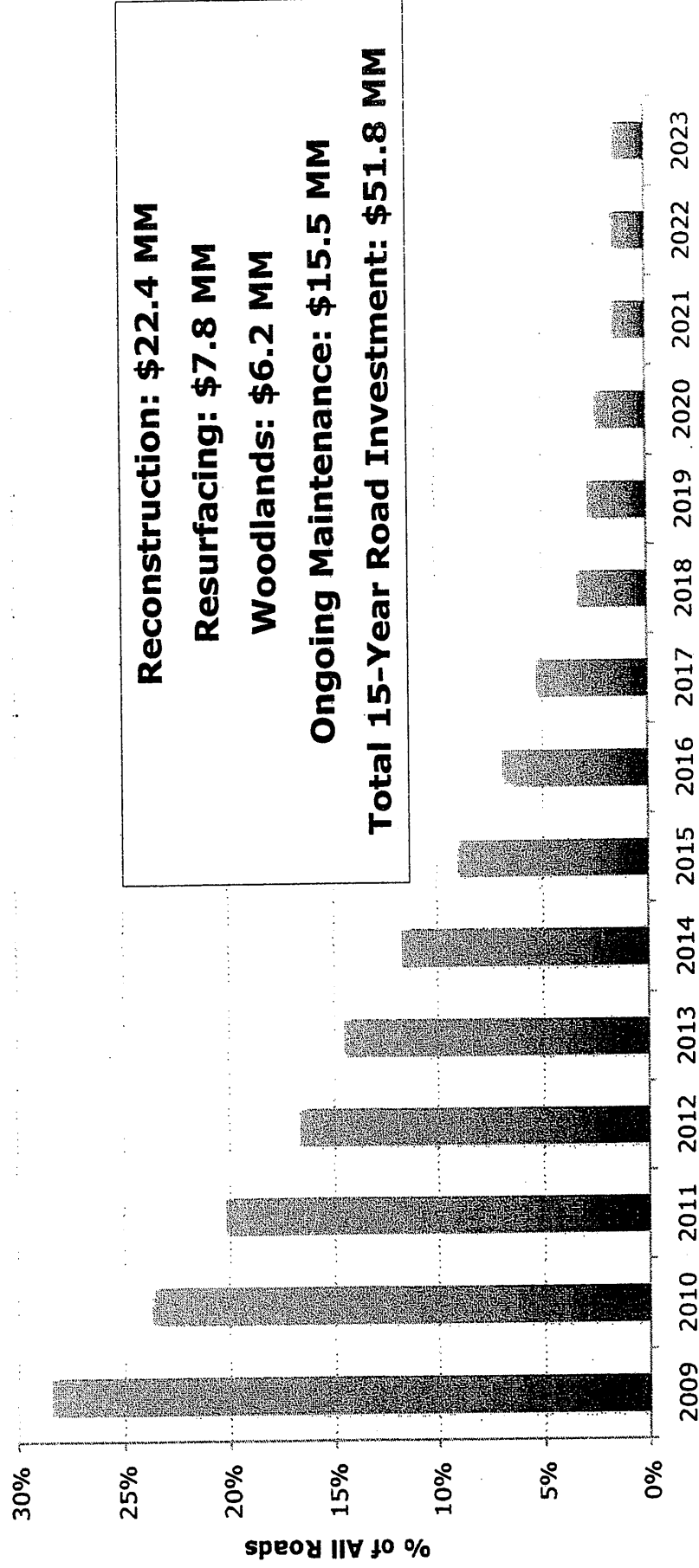
Key Assumptions

- Unit costs are based on actual experience
- Costs are planned in current, 2009 dollars. The corresponding revenue plan should similarly make pre-inflation assumptions
- Existing concrete roads requiring reconstruction are converted to bituminous roads, except for high-traffic arteries
- Projects are coordinated, grouped, and sequenced to create efficiencies, manage traffic disruption, and address needed utility improvements
- Plan includes all work beginning Jan 1, 2009
- Pavement maintenance through duration of plan is included
- Water and sewer maintenance through duration of plan is not included; it will be included as a separate item in the annual operating budget
- All Woodlands work and estimates subject to change pending outcome of engineering study and discussions with residents
- All work and scheduling subject to revision based on financing plan
- Oak Street Bridge funding will be 100% from State or Federal grants

Plan Summary: Roads

Over the fifteen-year duration of the plan, nearly all roads are returned to Excellent, Good, or Fair Condition

Poor and Failed Roads in Hinsdale



Plan Summary: Stormwater, Sewer Separation

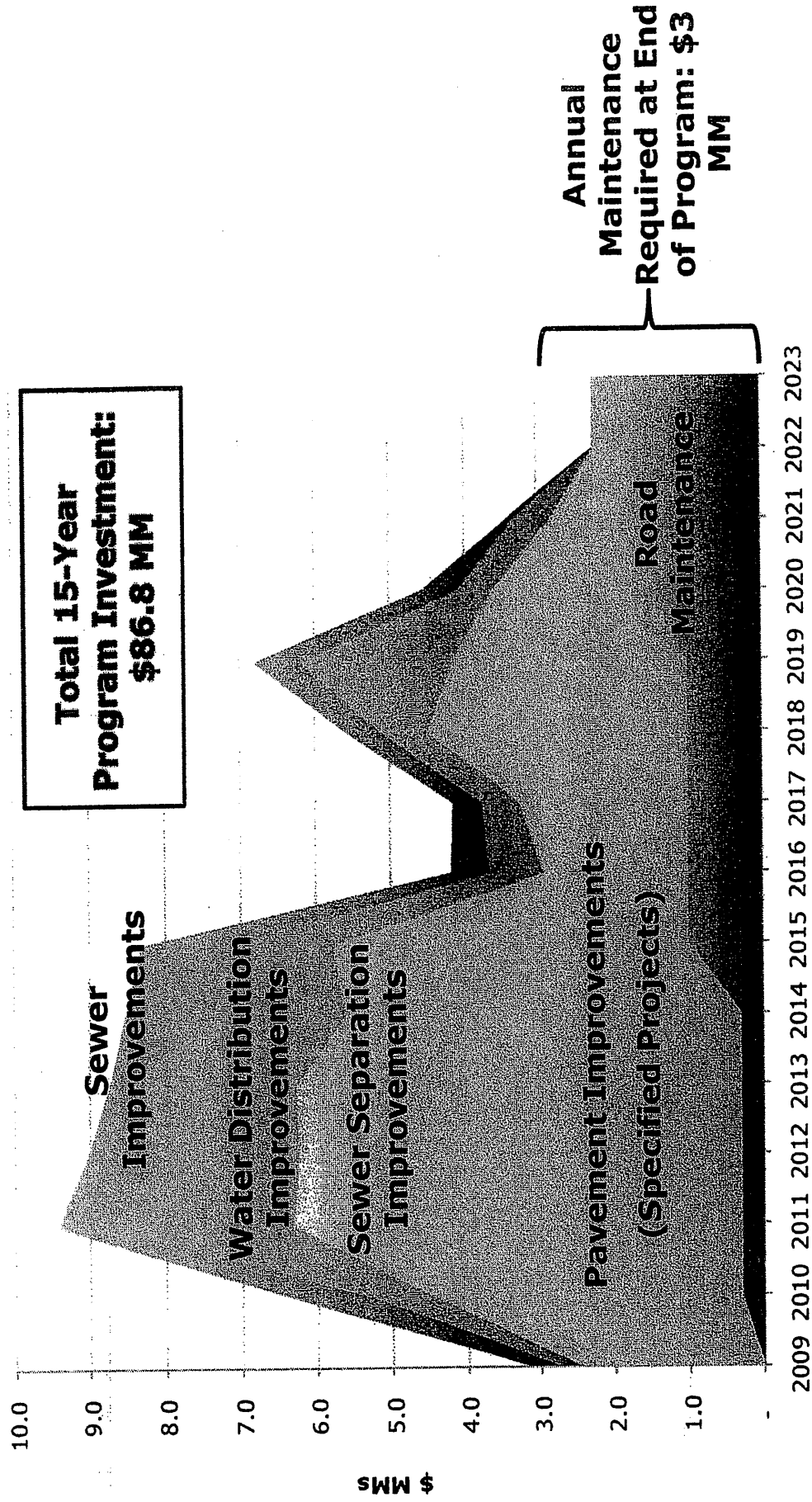
By 2020, the plan achieves all required stormwater management investment to comply with regulations and agreements with the Federal EPA, Illinois EPA, and Flag Creek Water Reclamation District.

Project	200	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Phase 1													
Eighth	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Garfield	0%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Chestnut	0%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Fourth	0%	0%	0%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Vine	0%	0%	0%	0%	0%	0%	100%	100%	100%	100%	100%	100%	100%
Highland	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Walnut	0%	0%	0%	0%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Washington	0%	0%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Phase 2	6%	6%	6%	6%	6%	26%	37%	37%	42%	65%	65%	100%	100%
Total	23%	35%	42%	50%	59%	67%	76%	76%	78%	87%	87%	100%	100%

Total 15-Year Sewer Separation Cost: \$11.13MM

Plan Summary: Total Investment

Infrastructure Plan Investments



Contingency

Estimated infrastructure project costs include a contingency reserve for unexpected cost items or unit cost increases.

- Construction contingencies usually vary between 5% to 15% of construction costs
- Contingencies typically cover items not previously identified in the design, variations in unit quantities, etc.
- Staff maintained the 2005 approach for contingencies for pavement and utility construction
- Contingencies as a percentage of the total cost are 11.5% for pavement and 10.4% for utilities

Risks and Mitigants

Plan Risks

Not all necessary work has been identified and included in plan

New infrastructure failures may arise

Work outlined in Stormwater Management Plan does not satisfy EPA, IEPA, and PCWRD

Actual costs exceed plan costs

Mitigating Factors and Controls

- Road plan is based on results of an ultrasound test of all village roads in 2005
- Consultant Clark Dietz performed village-wide investigation of sewer separation and stormwater management needs as part of the Stormwater Master Plan
- Woodlands investigation was conducted by AECON
- Ongoing maintenance is built into plan
- Agencies who have authority in these matters have reviewed and agreed with the conceptual plan and goals
- These agencies do not have a history of renegeing on their agreements.
- Recent actual experience and an independent consultant's review formed the basis of the unit cost assumptions
- Costs include a 12% contingency in excess of planned costs
- Planned costs are at high end of historical range

Supporting Worksheets

Supporting worksheets are found in the following folder:

S:\Psdata\Ddeeter\Budget\091002 Capital Improvement Plan

Specific worksheets include:

- Unit Costs – contains revised unit costs used in estimating construction costs in tabs “Road(2)” and “Utility(2)”
- Master Road Improvement List(3) – contains
 - the overall road listing in tab “EMS38
 - Initial project groupings in tab “Project Groups”
 - Utility Values in tabs “Utility Values” and “Woodland Utilities”
 - Project costs with pavement condition index (PCI) and overall ratings in tabs “Reconstruction” and “Resurfacing”
- Master Road Improvement List Summary – organizes the recommended projects by year. (See tabs “Woodlands”, “Reconstruction(2)” and Resurfacing(2)”)
- Master Improvement List Construction Dates(2) – lists roads by PCI
- Condition_List_by_Street_Name_Chris – shows the calculations used to develop the road maintenance cost estimate in tab “Maintenance Calculation”

Reconciliation of 2008 Plan vs. 2009 Plan

Total IMP Costs, 2008 Plan	\$66,110,558
Removal Of Street Lights from Plan	(4,000,000)
Addition of Annual Maintenance Costs	15,500,000
Pricing and Scope Changes	<u>9,192,786</u>
Total IMP Costs, 2009 Plan	<u>\$ 86,803,344</u>

**Village of Hinsdale
Infrastructure Master Plan Comparison
Summary By Year**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Reconstruction																
Pavement	2,809,600	2,446,172	2,834,240	2,207,518	2,160,572	1,711,060	1,465,832	1,549,200	1,688,032	2,541,820	1,688,032	964,320	502,414	-	-	22,378,366
Sewer Separation	891,385	839,181	668,721	946,849	329,926	765,455	44,075	175,557	974,803	485,155	974,803	-	84,353	-	-	6,121,107
Water Distribution	313,509	679,717	665,708	606,917	698,695	-	382,263	347,489	1,199,305	160,110	1,199,305	-	521,897	-	-	5,053,713
Sanitary Sewer	584,833	461,447	176,692	843,032	843,032	119,791	500,129	178,863	196,408	-	-	-	84,353	-	-	3,061,195
Total	-	4,599,327	4,426,517	4,345,361	3,761,284	4,032,225	2,596,306	2,392,299	2,251,109	3,187,085	4,058,548	964,320	-	-	-	36,614,381
Resurfacing																
Pavement	1,967,094	467,728	584,086	540,216	389,418	490,688	520,454	432,386	435,502	490,114	508,974	433,534	502,414	-	-	7,762,608
Sewer Separation	464,122	-	-	-	680,767	572,256	-	-	114,480	-	-	-	84,353	-	-	1,915,978
Water Distribution	298,743	514,103	1,037,444	837,499	941,898	485,141	805,650	378,433	186,474	442,227	827,588	470,804	521,897	-	-	7,747,901
Sanitary Sewer	377,224	478,893	126,935	701,318	-	186,364	677,374	-	186,364	454,371	416,579	463,314	84,353	-	-	4,153,089
Total	3,107,183	1,460,724	1,748,465	2,079,033	2,012,083	1,734,449	2,003,478	810,819	922,820	1,386,712	1,753,141	1,367,652	1,193,017	-	-	21,579,576
Woodlands																
Pavement	-	-	1,339,158	1,197,038	1,194,777	1,176,043	1,291,677	-	-	-	-	-	-	-	-	6,198,693
Sewer Separation	-	-	826,320	722,920	576,290	593,890	495,880	-	-	-	-	-	-	-	-	3,215,300
Water Distribution	-	-	711,841	294,372	706,979	570,401	628,745	-	-	-	-	-	-	-	-	2,912,338
Sanitary Sewer	-	-	85,020	91,560	188,461	120,227	297,788	-	-	-	-	-	-	-	-	783,056
Total	-	-	2,962,339	2,305,890	2,666,507	2,460,561	2,714,090	-	-	-	-	-	-	-	-	13,109,387
Annual Maintenance	300,000	300,000	300,000	300,000	300,000	300,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	2,250,000	2,250,000	2,250,000	2,250,000	15,500,000
Total-All	3,107,183	6,360,051	9,437,321	9,030,284	8,739,874	8,527,235	8,313,874	4,203,118	4,173,929	5,573,797	6,811,699	4,581,972	3,443,017	2,250,000	2,250,000	86,803,344

Road Reconstruction Village of Hinsdale

REV: 10/27/09

Year	Street	Location	Pavement Cost	Sewer Separation Cost	Water Distr. Cost	Sanitary Sewer Cost	Total Cost
2008	EIGHTH VINE SECOND	GARFIELD / MADISON HINSDALE / SIXTH GRANT / VINE	1,458,064	661,595	487,250	479,688	3,086,597
	CHESTNUT BRUNER	QUINCY / VINE TOWN PL / CHESTNUT	2,809,600	891,385	313,509	584,833	4,599,327
	QUINCY QUINCY ALLEY B/Q BRUNER BODIN THURLOW	CHESTNUT / CHICAGO CHESTNUT / CHICAGO CHESTNUT / CHICAGO CHESTNUT / CHICAGO CHESTNUT / CHICAGO CHESTNUT / CHICAGO					
2011	WASHINGTON WASHINGTON GARFIELD LANSING GRANT	OGDEN / AYERS AYRES / WALNUT HICKORY / MAPLE LINCOLN / WASHINGTON CENTER / NORTH	2,446,172	839,181	679,717	461,447	4,426,517
	FOURTH MONROE THURLOW ALLEY Th/Mad FIFTH BODIN SIXTH SIXTH RAILROAD RAILROAD STOUGH	JACKSON / MADISON FOURTH / SIXTH SECOND / FOURTH FOURTH / SIXTH GRANT / LINCOLN EIGHTH / NINTH CLAY / LINCOLN WASHINGTON / GARFIELD WEST END / STOUGH WEST END / STOUGH HINSDALE / RR CROSSING	2,834,240	668,721	665,708	176,692	4,345,361


2013	WALNUT WALNUT MAPLE MADISON VINE WALKER	MADISON / VINE VINE / ELM WASHINGTON / GARFIELD ALLEY / WALNUT WALNUT / MAPLE THE LANE / MAUNELL	2,207,518	946,849	606,917	-	3,761,285
2014	RAVINE RADCLIFFE FOREST ELM ELM MILLS	GARFIELD / COUNTY LINE HICKORY / RAVINE HICKORY / THE LANE HICKORY / CHANGE CHANGE / RAVINE NORTH END / THE LANE	2,160,572	329,926	698,695	843,032	4,032,225
2015	VINE VINE AYRES CENTER CHICAGO	OGDEN / CHANGE CHANGE / NORTH VINE / LINCOLN VINE / WASHINGTON GARFIELD / PARK	1,711,060	765,455	-	119,791	2,596,307
2016	LINCOLN LINCOLN HICKORY HINSDALE	OGDEN / CHANGE CHANGE / NORTH STOUGH / MONROE MONROE / MADISON	1,465,832	44,075	382,263	500,129	2,392,299
2017	GARFIELD MAUMELL THE LANE EIGHTH HINSDALE SEVENTH	THE LANE / MAUMELL GARFIELD / YORK WALKER / COUNTY LINE BRUNER / BODIN JACKSON / STOUGH STOUGH / QUINCY	1,549,200	175,557	347,489	178,863	2,251,109
2018	EIGHTH OAK SEVENTH BRUNER BODIN GRANT	GARFIELD / COUNTY LINE SEVENTH / EIGHTH OAK / COUNTY LINE SIXTH / EIGHTH SEVENTH / EIGHTH EIGHTH / NINTH	2,541,820	485,155	160,110	-	3,187,085

2019	FIFTH SIXTH ELM PARK	GARFIELD / PARK GARFIELD / COUNTY LINE FOURTH / SIXTH SIXTH / SEVENTH	1,688,032	974,803	1,199,305	196,408	4,058,548
2020	CHICAGO	PARK / COUNTY LINE	964,320	0	0	0	964,320
	TOTAL		22,378,366	6,121,107	5,053,714	3,061,196	36,614,383

Resurfacing Roads Village of Hinsdale

Year	Street	Location	Pavement Cost	Sewer Separation Cost	Water Distr. Cost	Sanitary Sewer Cost	Total Cost
2009	GARFIELD FIRST PARK	FIRST / 55TH GARFIELD / PARK CHICAGO / FIRST	1,135,878	464,122	298,743	377,224	2,275,967
2009	MADISON NINTH BRUNER PL COUNTY LINE PRINCETON QUINCY WOODSIDE	WARREN CT / MORRIS LN MONROE / MADISON NORTH END / NORTH ST COUNTY LINE CT / THIRD THIRD / WOODSIDE NORTH END / 55TH COUNTY LINE / PRINCETON	324,562	-	-	-	324,562
2009	MADISON OAK SIXTH FIFTH WOODSIDE OAKWOOD TERRACE VINE / AYRES	SIXTH / NINTH EIGHTH / NINTH WASHINGTON / GARFIELD GRANT / LINCOLN OAK / COUNTY LINE BIRCHWOOD / SOUTH END INTERSECTION	506,654	\$ -	\$ -	\$ -	506,654
2010	JEFFERSON BOBOLINK FULLER MILLS PRINCETON COUNTY LINE COURT	MINNEOLA / NORTH END COUNTY LINE / JUSTINA COUNTY LINE / MILLS MINNEOLA / NORTH END 47TH / THIRD COUNTY LINE / EAST END	467,728	-	514,103	478,893	1,460,724
2011	FIRST THIRD COLUMBIA PAMELA CIRCLE CHARLESTON	COUNTY LINE / COLUMBIA HILLCREST / COLUMBIA FIRST / THIRD WEST END / EAST END COUNTY LINE / WEST END	584,086	-	1,037,444	126,935	1,748,465

MEMORANDUM

Date: November 14, 2011
To: Finance Commission
From: Darrell Langlois, Assistant Village Manager/ Finance Director 
RE: IRMA Member Deductible

For many years, the Intergovernmental Risk Management Agency (IRMA) has provided most insurance coverage (except for employee benefits) to the Village. IRMA is operated as an intergovernmental agreement and has over 70 municipal members. It is a self-insurance pool whereby coverage is provided mostly on a pooled, self-insured basis and stop loss coverage obtained for high dollar claims. Claims are administered by IRMA staff and they also provide risk management services as part of our membership.

The Village pays an annual premium to IRMA that is calculated as rate that is assessed per dollar of revenue. In addition, the Village is responsible for paying its deductible for each claim. Although the base IRMA deductible is \$2,500 per occurrence, a number of year ago the Village selected a higher deductible of \$10,000, which is offset by a decrease in the contribution. Over time this election has been proven to be beneficial to the Village.

Attached is correspondence from IRMA and a table presented that illustrates the financial impact should the Village consider selecting a deductible above the current \$10,000 amount. Staff believes that the potential savings warrant considering a change in the deductible and would value the Commission's feedback on this issue.



INTERGOVERNMENTAL RISK
MANAGEMENT AGENCY

The Risk Management Solution for Local Government

MEMORANDUM

TO: Village of Hinsdale
FROM: Laura Vesecky, Director of Financial Services
DATE: October 31, 2011
RE: **2012 Member Deductible**

The minimum IRMA deductible for 2012 is \$2,500. You are being given the opportunity to select a higher deductible, which will have an accompanying credit.

To help you make your decision, attached is a table showing what your credits and losses would have been for 2006 – 2010 at the various deductibles. **If the difference is a negative, you would have paid more in the past with a higher deductible. If the difference is a positive, you would have saved money with a higher deductible.**

When selecting your deductible for 2012, you should take into consideration your experience modifier and total contribution to IRMA. While the report may show that you would not have benefited from a higher deductible in the past, if you are experiencing a large experience modifier or much higher revenue base, it may now be beneficial to you to take a higher deductible. However, you must be able to withstand the risk associated with the higher deductible.

If you would like to discuss these options with the IRMA staff, please contact either Laura Vesecky at laurav@irmarisk.org - (708) 236-6335 or Larry Bush at larry@irmarisk.org - (708) 236-6333. Your preliminary contribution and experience modifier for 2012 are:

Initial Contribution	\$573,816
Experience Modifier	\$-49,984
Contribution with Experience Modifier	\$523,832

Optional Deductible:

Deductible	Credit (percentage)	Credit (dollars)
\$ 10,000	9%	\$47,145
\$ 25,000	19%	\$99,528
\$ 50,000	28%	\$146,673
\$100,000	38%	\$199,056
\$250,000	52%	\$272,393

Please complete the form in the body of the email by clicking on "reply". Fill in the form and send it back no later than November 25, 2011. If we do not receive your response by the deadline, we will assume that you want to remain at your 2011 deductible of \$10,000.

HINSDALE
OPTIONAL DEDUCTIBLE ANALYSIS

Year	\$10,000 Deductible			\$25,000 Deductible			\$50,000 Deductible			\$100,000 Deductible			\$250,000 Deductible		
	Credit	Losses	Difference	Credit	Losses	Difference	Credit	Losses	Difference	Credit	Losses	Difference	Credit	Losses	Difference
2006	34,158	37,026	(2,868)	72,110	84,613	(12,502)	113,858	141,045	(27,186)	163,197	241,045	(77,848)	212,536	306,107	(93,571)
2007	48,331	44,030	4,302	96,662	104,131	(7,469)	140,160	204,131	(63,971)	188,491	355,563	(167,072)	251,321	682,063	(430,742)
2008	52,225	56,891	(4,666)	104,450	102,688	1,762	151,453	152,688	(1,236)	203,678	185,411	18,266	271,570	185,411	86,159
2009	62,682	13,913	48,770	125,365	13,914	111,451	181,779	13,914	167,865	250,730	13,914	236,816	332,217	13,914	318,303
2010	65,170	26,955	38,215	123,823	58,998	64,825	188,993	84,466	104,527	254,163	134,466	119,697	338,885	264,541	74,343
Total	262,566	178,815	83,751	522,410	364,344	158,067	776,243	596,244	179,999	1,060,258	930,399	129,859	1,406,528	1,452,036	(45,508)
2011 Credit	52,430			110,687			163,117			221,373			297,106		
2012 Credit	47,185			99,613			146,798			199,225			272,624		