

**Village of Hinsdale
Finance Commission
Minutes of the Special Meeting on June 24, 2014**

Members Present: Chairman Waldo, Commissioners D'Arco, Posthuma, Morris, Balzekas, and Maali

Staff Present: Darrell Langlois, Assistant Village Manager/Finance Director; Gina Hassett, Park and Recreation Director

Others Present: None

Meeting Called to Order at 7:30 p.m.

Approval of Minutes

Chairman Waldo asked for a motion to approve the minutes of the April 7, 2014 Commission meeting. Commissioner Balzekas moved approval of the minutes with several changes being noted, Commissioner D'Arco seconded. The minutes were unanimously approved.

Review and Discussion of the April, 2014 Treasurers Report

Mr. Langlois commented on the highlights of the report, which reflects actual results through the first close of the fiscal year. Base Sales Tax receipts for the month of March decreased by \$13,800 or 4.9% and for April increased \$29,000 or 14%. For the year base sales tax revenue was \$2,776,000, an increase of 2.7% over the prior year. For the first two months of FY 2015 sales tax revenue is up 4.5%.

Total Income tax revenue for the year was \$1,639,000, an increase of 8.1% above the prior year and above the budget expectation. For the first two months of FY 2015 income tax revenue is below the prior year but above the budget expectation as the May receipts were budgeted to be 20% below the prior year as the May 2013 receipts was unusually high. Food and Beverage tax receipts were \$340,100, an increase of 9.6%.

Mr. Langlois noted that property tax revenue ended the year at \$6.26 million which was 102% of the actual tax levy amount. This over collection is due to the fact that DuPage County uses estimated amounts from Cook County when extending taxes, and this over collection will be made up in part by under collecting property taxes in FY 2015; the impact of this in FY 2015 will be approximately \$50,000.

Utility tax revenue ended the year at \$2,124,000, an increase of \$12,000 or 0.6 percent but trailed the budget slightly. Mr. Langlois reported that Building Permit revenue for the year was \$1,514,000, which is \$283,000 above budget. This increase will result in some staffing increases to handle the increase in volume.

Regarding expenses, Mr. Langlois noted that total legal fees were \$290,000 on a budget amount of \$175,000 due to \$37,000 in fees related to reimbursable charges to third parties and \$83,000 in costs related to litigation involving the Amling's property. The cold weather has impacted costs in the Public Services Department as overtime costs

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were \$60,000 over budget and the cost of salt was \$62,000 over budget. Commissioner Maali asked about police and fire pension contributions and Mr. Langlois noted that the Village funded an additional \$75,000 over the actuarial requirement for each fund.

In reviewing year end results, Mr. Langlois noted that the General Government Department exceeded its total budget due to increased legal fees; the Police and Fire Departments were over budget due to the Village making discretionary pension contributions; the Public Services Department was over budget by \$243,000 due to the winter season and an unbudgeted increase in tree removal costs; the Community Development Department was over budget by \$101,000 due to costs directly related to the services required as a result of the large increase in building permit revenue. Mr. Langlois also noted that the ending fund balance in the capital reserve was significantly higher in that a fire truck in the amount of \$435,000 was expected to be delivered in FY 2014 but was delayed and will not be paid for until FY 2015.

Mr. Langlois noted that for FY 2015 a new fund will be created to fund infrastructure work not included in the MIP, some of the work related to the harsh winter. Initial funding totaling \$1,825,000 comes from a transfer of \$325,000 from the General Corporate Fund and \$1,500,000 from the Infrastructure Fund. Water purchases were significantly elevated due to water leaks caused by the harsh winter; this problem has moderated as May water purchased was down 7.6%.

Chairman Waldo requested that the Treasurer's Report exhibit for the Corporate Fund Summary be revised to include a second fund balance calculation to include the fund balance percentage that includes the amount available in the capital reserve account. Chairman Waldo also noted that, at a prior meeting, there was not sufficient time to review the five year plan in depth and would like to discuss this at the next meeting.

Review and Discussion of the Community Pool Operations

Chairman Waldo noted that, in the Winter of 2011, the Finance Commission was asked to undertake a review and analysis of the Community Pool Operations in terms of annual operating performance improvement opportunities as well as long term capital requirements. Then Commissioners Elder and Waldo authored two memos on the subject which were being provided to the current Commissioners in advance of this meeting as additional background information. Chairman Waldo noted that, for the last three or four years, there has been general consensus of the Finance Commission that pool operations should be managed to provide an annual operating surplus defined as operating revenues less operating expenses and maintenance capital expenses that would allow annual operations to and hopefully make some contribution toward building a reserve account balance to contribute to the large-scale capital expenditure which will be required for eventual the replacement of the pool in another 10-15 years' time.

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Ms. Hassett provided an overview of pool operations during fiscal 2014. The last year had very cool temperatures which had a negative impact on revenues and season pass sales. The sales of the ten visit pass, which was recommended by the Finance Commission subcommittee three years ago, ~~remains~~ very popular. There is increased competition from Clarendon Hills Park District as they have recently significantly improved their pool, which was funded by the sale of bonds. There was general dialogue about the sale of super passes that allow Hinsdale residents to purchase a Hinsdale pool pass that allow them to also swim in Clarendon Hills and the impact of Clarendon Hills restricting the number of passes that can be sold. The competition from all of the pools in the area has had a negative effect on pool pass sales.

Commissioner Morris asked about the long term capital plan for the pool. Ms. Hassett noted the five year plan has an allowance of -\$200,000 to possibly renovate the wading pool area. There will be a community outreach to assess the needs of the residents. There was discussion of the fact that, there being a fine line between having unless the pool consistently achieves break-even a meaningful annual surpluses with user fees such that it can self-finance from a reserve account its capital expenditures for its replacement, then vs. having the pool in the community as a public good for which the whole community's taxpayers fund the costs but which in recent years has only been used by 10%-15% of Hinsdale's residents. Chairman Waldo noted that, pPrior to 2008, the pool generated consistent operating surpluses and had ~~significantly~~ more season pass sales. Chairman Waldo also ~~It was~~ noted that the pool would need to generate an annual operating surplus after annual maintenance capital expenditures of -\$125,000 to \$175,000 annually that would build up in a reserve account over an extended time-frame in order to generate enough funds to replace the pool solely with annual cash flow from operations funded by user fees and not to require what is effectively a subsidy from the general Village government budget.

There was a general discussion about the marketing of the pool, the small decline in Hinsdale's population in the 2010 census versus the 2000 census, the number of pools in the area, and the effects of offering additional membership alternatives. Commissioner Morris noted that, since 2011, there have been a number of ideas tried to increase revenues without much success, and that, going forward, this would likely be the expectation. Several Commissioners concluded that tThe critical policy question for the Board of Trustees and the community at large in the next couple years is whether the pool provides a sufficiently valuable enough public social good to make an ongoing operation of the Hinsdale pool ~~it~~ a worthwhile undertaking versus exploring consolidation options with the Clarendon Hills pool or a potential new natatorium project at Hinsdale Central.

Adjournment

As there was no further business to come before the Commission, Commissioner Balzekas moved to adjourn the meeting, seconded by Commissioner Morris. The meeting was adjourned at 9:21 p.m.

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Respectfully Submitted:

Darrell Langlois
Assistant Village Manager/Finance Director