



BUDGET COMMITTEE
Including a Working Session of the Village Board

February 23, 2022
VILLAGE HALL

MEETING AGENDA
6:30 PM

1. Call to Order
2. Establish a Quorum
3. Citizen Comments
4. FY2023 Budget Presentation
 - a. Utility Funds (Water & Sewer)
 - b. General Fund
5. Announcements
6. Adjournment

MEETING OF THE FINANCE COMMITTEE
March 8, 2021

The meeting of the Village Finance Committee was called to order by Chairperson Christine Klein at 7:00 p.m. in the Village of Hampshire Village Board Room, 234 S. State Street, on Monday, March 8, 2021.

A quorum was established.

Committee Members Present: Christine Klein, Ryan Krajecki, Aaron Kelly

In addition, present were President Jeff Magnussen, Trustee Toby Koth, Trustee Mike Reid, Village Manager Jay Hedges, Finance Director Lori Lyons, and Assistant to the Village Manager Josh Wray.

MINUTES

Chairperson Klein moved to approve the minutes of April 13, 2020.

Seconded by Trustee Krajecki
Motion carried by roll call vote.
Ayes: Kelly, Krajecki, Klein
Nays: None
Absent: None

Chairperson Klein moved to approve the minutes of March 1, 2021

Seconded by Trustee Kelly
Motion carried by roll call vote.
Ayes: Kelly, Krajecki, Klein
Nays: None
Absent: None

CITIZEN COMMENTS

There were no citizen comments.

FY2021 REVIEW COMBINED WITH FY2022 BUDGET PRESENTATION

Garbage Fund

Finance Director Lyons presented the Garbage Fund, projecting an FY21 \$38,900 surplus and budgeting an FY22 \$3 based on expected increased fees from Waste Management. The Village Services Committee will be meeting to discuss going to bid for garbage collection services.

Water Construction Fund

Finance Director Lyons presented the Water Construction Fund, noting that it is used in conjunction with the Water Fund to record collection of the water tap-on fees. The fee is only collected on commercial tap-ons, and staff budgets two commercial tap-ons in FY22. She also noted there was a \$75,000 revenue item from a state grant that has finally been given to the Village even though the project on Well 9 was done long ago; it is now, essentially, a reimbursement, and staff recommends saving that for the water system connection project.

Sewer Construction Fund

Finance Director Lyons presented the Sewer Construction Fund, noting that it is used in conjunction with the Sewer Fund to record collection of the water tap-on fees. Staff is budgeting for two commercial tap-ons in FY22. This fund and the Water Construction Fund end with negative fund balances, but they are rolled-up with the Water and Sewer Funds.

Police Pension Fund

Finance Director Lyons presented the Police Pension Fund. She expects the Village to transfer \$647,752 to this fund from the General Fund to pay pension funding obligations in FY22 based on new state legislation, up from \$300,000 in FY21.

Trustee Koth asked if the current Pension Board has an actuary or financial advisor because the investment earnings is low comparable to a savings account. Ms. Lyons explained that the current size of the Hampshire pension fund only allows the fund to invest 10% in equity investments. The larger combined fund under the new legislation will make the fund much larger and will allow it to invest in markets with better earnings. She expects the State to request the current funds in the second quarter of this year.

TIF Fund

Finance Director Lyons presented the TIF Fund. She estimates the property tax revenue at \$47,434 for FY21 and at \$47,450 for FY22. The TIF fund does not generate enough revenue to cover the TIF bond payments and administrative expenses, so the Public Use Fund will subsidize it at \$25,000. The bond payment this year is approximately \$60,000, but that will rise significantly in two years.

Hotel/Motel Tax Fund

Finance Director Lyons presented the Hotel/Motel Tax Fund. Tax receipts are down. The Village will not make the contribution to Coon Creek Days this year since it was cancelled, saving \$16,000, but the rebranding project with a5 is added here at \$20,000. Coon Creek has asked for \$25,000 for FY22, not including the \$4,000 for advertising. The Chamber has asked for their usual \$6,000 contribution again.

Trustee Kelly noted that Waste Management does not donate the services for street cleaning and porta-potties during Coon Creek Days like he thought. Trustee Koth noted that the Village Board has always been told those services have been donated.

Trustee Krajecki asked if Coon Creek gave a reason or the higher request. Ms. Lyons said they noted a loss in sponsorships. Trustee Kelly also noted that the Village's contribution was increased from \$10,000 to \$16,000 a couple years ago, and he asked if they will even be allowed to have the festival this year. Trustee Krajecki asked what the total expense of Coon Creek is, to which Trustee Koth responded about \$50,000. Trustee Krajecki said he believes \$25,000 is too high without enough justification. Trustee Reid added that he does not believe the Village can justify spending more on Coon Creek while residents and businesses are tightening during COVID. Trustee Kelly believes the Village should contribute the same as was planned for FY21 since the Village already increased its donation a year ago. Chairperson Klein agrees that staying with \$16,000 seems reasonable this year. Trustee Kelly noted that a better justification, such as plans for large expansion of the event after a year off, could make \$25,000 make sense.

Trustee Kelly asked for clarification on the \$19,000 for other contractual services. Ms. Lyons noted that includes \$4,000 for advertising for Coon Creek and \$15,000 in additional initiatives with a5.

Road and Bridge Fund

Finance Director Lyons presented the Road and Bridge Fund. She noted that this fund is the result of the Village taking over Township roads; the Township sends the Village the property taxes collected for maintenance of those roads. Revenue is expected for FY21 at \$112,249, and the FY22 budget shows revenue of \$109,000. She also noted that construction projects for this fund are not yet finalized, but staff would recommend paving the two municipal parking lots in conjunction with the Streetscape improvements as the top priority. The eligible projects for this money are very restricted.

Motor Fuel Tax Fund

Finance Director Lyons presented the MFT Fund. She explained that the Village receives multiple components of MFT, including new Rebuild Illinois funding through IDOT that will come in six installments over three years which cannot be pre-spent. A large portion of the Rebuild Illinois grant funds is planned for the intersection improvements at Rt. 72 and State Street. The remainder of the grant funds will be spent on other road projects meeting specific criteria.

Trustee Kelly asked if we plan to fund Streets Dept. salaries at \$476,000 each year moving forward because the regular revenues will not be able to maintain that expense on top of salt purchases. Ms. Lyons noted staff is working on completing a Village-wide cash flow across all funds that will help better plan in the future. Mr. Hedges added that this is a one-year strategy until other revenues can be found to support the rest of the General Fund.

SSA Funds

Finance Director Lyons noted that revenues and expenses are coming in as expected for FY21 except for two cases for machine clearing in SSAs 10 and 7. For FY22, staff has adjusted the levies 5% to raise additional revenue for work moving forward. Additionally, salaries and benefits for labor in the SSAs have increased a bit for FY22.

Equipment Replacement Fund

Finance Director Lyons explained that this fund is funded by transfers from the General Fund as available. It currently holds \$140,000 for the ERP software upgrade.

Capital Improvement Fund

Finance Director Lyons explained that this fund is funded by transfers from the General Fund as available. In FY22, the Village Clock and the new sign for Henpeck Park are planned to be funded from this fund balance.

Public Use Fund

Finance Director Lyons explained that this fund receives revenue from development fees from new homes. It has been subsidizing the TIF bond payments. It will also fund the installment payments for the new Streets Garage.

Trustee Kelly asked if this includes new homes built in Oakstead. Ms. Lyons responded no, and Mr. Hedges added that staff does not expect any permits to be pulled for Oakstead until spring 2022 at the earliest.

Water/Sewer Improvement Fund

Finance Director Lyons explained that this fund is funded by the capital improvement charge on the water bills. FY22 shows transfers out of this fund to the Water and Sewer Funds for capital projects and for closing out another inactive fund with a negative fund balance, totaling \$564,518.

Trustee Kelly asked if the intent of the capital improvement charges was to pay the bond debt shown here as paid off in FY21. Ms. Lyons responded it was passed to do that and to build a capital fund for improvements. Trustee Kelly asked if it is intended that we keep that charge even though we have paid the bond off. Mr. Hedges responded yes because there are many high priority capital improvements that money will be used for.

Capital Projects Fund

Finance Director Lyons explained that this fund has a fund balance of \$113,000 but has not activity since the Village Board asked for bond payments to be itemized in other funds. Staff proposes to use the fund balance to pay for additional improvements in downtown during Streetscape as well as for a water main replacement project in FY22. This fund will then be at a \$0 balance and will be inactive.

Trustee Kelly said he was under the impression that the entire Streetscape project would

be paid for from the grant program. Mr. Hedges responded that this project is separate from the Streetscape grant work but will be done during Streetscape while the road is torn up.

Sanitary & Storm Sewer Improvement Fund

Finance Director Lyons explained that this fund was created specifically for recording the American Recovery and Reinvestment Plan Act. Staff proposed a transfer into this fund to cover the negative fund balance and close the fund.

Transportation Policy Fund

Finance Director Lyons explained that this fund receives money from development fees from new homes. The only expense planned for FY22 is to pay the down payment for the new street sweeper.

Early Warning Fund

Finance Director Lyons explained that this fund receives money from development fees from new homes for the early warning sirens. However, the Crown development land does not pay these fees per development agreement, so there is no revenue expected for this fund nor are there any expenses proposed.

Trustee Kelly thought there was an issue with sirens recently. Ms. Lyons noted that regular maintenance on sirens is paid for by the General Fund.

Capital Improvements/Debt Fund

Finance Director Lyons explained that this fund was created to record the expenses for the TIF and to record the revenue received from the letter of credit for Tuscany Woods. The \$79,000 fund balance is available for improvements in Tuscany Woods.

SSA #14 Lakewood Crossing Fund

Finance Director Lyons explained that the property tax revenue and debt services and administrative expenses in the SSA.

SSA #13 Tuscany Woods Fund

Finance Director Lyons explained that the property tax revenue and debt services and administrative expenses in the SSA.

Agency Funds - Impact Fees Funds

Finance Director Lyons explained that the Village holds agency funds for development fees that go to the other taxing bodies when new homes are built, including the school district, the library district, the park district, fire protection district, the cemetery, and the township.

Trustee Kelly asked if it a state statute or a Village decision to administer these funds for other taxing bodies. Ms. Lyons responded that it is a Village decision, and the Village could require payments from developers to be made directly to the other taxing bodies. Trustee Koth asked if the Village can charge any administrative fees for taking care of these funds. Ms. Lyons responded that such a fee is not included in the current agreements with the other taxing bodies, but it could be.

CAPITAL BUDGET PRESENTATION

Asst. to the Village Manager Wray presented the Village's first Capital Improvement Plan. He described what a CIP is in relation to the annual budget, emphasizing that the CIP is a plan and not policy; the budget sets spending policy each year. He described the planning process, which resulted in a \$3.4 million 3-year plan for FY22 – FY24. He broke down the 3-year spending by category, including infrastructure, buildings, vehicles, Streets Dept., Utilities Dept., and Police Dept. He noted there will also be debt service of \$1.62 million based on expenditures in the first three years. Mr. Wray then described each project include din the plan for FY22 that are all included across the FY22 budget that has been presented thus far. One special note was included. There is an alternate plan for the Streets Garage, which is to expand the current site at a cost of \$970,000 compared to the \$1.5

million proposed project with Stanley. However, the expansion alternative cannot be financed per state statute, so the entire \$970,000 would have to be paid in one year. The proposed new site is privately financed with Stanley, allowing the Village to spread the cost over 20-30 years.

RECOMMENDATION

Trustee Krajecki moved to recommend the proposed budget for Fiscal Year 2022 to the Village Board.

Seconded by Trustee Kelly
Motion carried by roll call vote.
Ayes: Krajecki, Kelly, Klein
Nays: None
Absent: None

ADJOURNMENT

Trustee Kelly moved to adjourn the Village Board meeting at 8:38 p.m.

Seconded by Trustee Krajecki
Motion carried by roll call vote.
Ayes: Krajecki, Kelly, Klein
Nays: None
Absent: None

Christine Klein, Committee Chair

PLEASE NOTE: The Finance Committee was disbanded in May 2021, so no official approval of these minutes will be made. For future meetings related to the Village of Hampshire budget process, please see the Budget Committee meeting information on the Village website.