

MEETING OF THE BUDGET COMMITTEE
March 7, 2023
Minutes

The meeting of the Village Budget Committee was called to order by Chairperson Laura Pollastrini at 6:00 p.m. in the Village of Hampshire Village Board Room, 234 S. State Street, on Tuesday, March 7, 2023.

A quorum was established by roll call vote. Committee Members Present: Laura Pollastrini, Toby Koth, and Erik Robinson. Also present, Trustee Aaron Kelly in addition to Village Manager Jay Hedges, Finance Director Lori Lyons, Assistant to the Village Manager Josh Wray, and Utilities Supervisor Mark Montgomery.

CITIZEN COMMENTS

None.

APPROVAL OF MINUTES

Trustee Pollastrini moved to approve the Budget Committee minutes of February 21, 2023.

Seconded by Trustee Koth
Motion carried 2-0 by voice vote
Ayes: Koth, Pollastrini
Nays: None
Abstentions: Robinson
Absent: None.

FY2024 BUDGET PRESENTATION CONTINUED

Finance Director Lyons provided a continuation of the FY 2024 Budget presentation started at the February 21 Budget Committee meeting, including the Utility Funds (Water, Sewer & Garbage), also covering the remaining funds that had not been on the February 21st agenda. Topics of Ms. Lyons' presentation included the following:

- a. **Enterprise Funds (Water, Sewer & Garbage)**
- b. **Special Revenue Funds**
- c. **Capital Project Funds**
- d. **General Fund Sub-Funds**
- e. **Pension Trust Fund**

Questions ensued throughout the entire presentation, including Committee Members Koth, Robinson, and Pollastrini as well as by Trustee Aaron Kelly.

Of particular note in Finance Director Lyons' presentation:

- a. **Enterprise Funds (Water, Sewer & Garbage)**
 - **Water Fund.** As the community grows, so does the revenue for these funds, with costs to the public coming on a continuing basis via usage. Ordinance stipulation of CPI increase of 7% to be reflected in July 2023 bills, which is higher than normal, as this is the highest the CPI has been in a long time. Anticipated increase of \$6 per month on average.

One additional expense stems from stair-step increase of salaries (23.5% increase), per President Reid's approval this fiscal year in an effort to maintain staff. There will be no COLA as a result of these increases. Anticipated expense of exchange of media due to extreme corrosion, work on the brine system, and general plumbing maintenance expenses. Utilities Supervisor Mark Montgomery further expounded on his Department, noting that over the past several years they have experienced unexpected breakdowns of equipment, thereby resulting in items budgeted for various fiscal years having to be deferred so as to handle immediate needs. There were many such expenses during FY 2023, deferring projects to FY 2024. With respect to debt service (bonds issued and refunded), FY 24 will be the final year of

those payments, freeing up \$290,000. Revenue in excess of expenses - \$3,354.

- **Sewer Fund.**
FY 2023 did not meet budget expectations. Again, 7% CPI increase (as noted under Water), with new revenue expectations due to new homes being built. With respect to expenses, salary increases reflect the same as in Water Fund. Anticipated expenses for Lift Station, surge suppression, and manhole repairs. Some repairs have been put off till FY 2025. Supervisor Montgomery also explained a new State mandate to determine Hampshire's impact on the watershed which will cost the village \$153,000 in order to determine how much phosphorous the village is putting into the creek. Revenue in excess of expenses of \$142.
- **Garbage Fund.**
Reflects contractual 3% increase in rates for Flood Brothers (still less than Waste Management rates when village transferred providers). Revenue increases are pursuant to growth expectations per homes being built.
- **Water/Sewer Improvement Fund** (the \$20 water bill fee): Increase reflects additional homes being built, with monies going toward media exchange and surge suppression expenses.
- **Water Construction Fund:** Capital fund being used for the water connection for north-south connection as well as Route 72 project. The only thing anticipated is 1 tap-on fee for the freight union building in Hampshire Woods. The village will not be starting any new construction, but there will be residual bills from prior construction in previous years (takes some time for state to bill everything).
- **Sewer Construction Funds:** First one involves small tap-on fee that includes some expenditures only for Route 72 project. Second fund is from 20+ years ago with a positive fund balance which gets transferred out.

b. **Special Revenue Funds**

- **Special Service Area Funds (for maintenance of stormwater and other facilities).** A part time employee (\$14 per hour) will be hired to assist the foreman of fields and forestry that does a lot of this work. Levies have already been set by the Village Board, and expenditures will cover the labor to perform the maintenance. Expected expenditures have been included, and we continue to pull out of the hole in some of the SSAs that required a great deal of maintenance that had to be conducted for years, irrespective of the SSA being properly funded.
- **TIF.** Conservative estimates of \$208,000 in collection this summer. Fund is currently in the negative as it is an old fee with payments having ballooned, hampered by recession in its earlier years. Only 2 grants have come from this fund..
- **Hotel/Motel:** Income being held to same as FY23 following covid. Requests for funds have been submitted by Coon Creek and the Chamber. The Historical Society has not requested funds but a place is being held at this time. Discussion ensued about Coon Creek funding and the amount being requested in comparison to past years. Similar discussion was had about the Chamber with what was offered when they were struggling and where they are at today. As part of requirements to use Hotel/Motel funds, both organizations must promote overnight stays at the local hotel in connection with their events. Carl Palmisano (Coon Creek) and Jeanne Meyer (Chamber) will be invited to appear at the next Budget Committee meeting to discuss their financial needs.
- **Road & Bridge:** Estimated revenue of \$128,483 in FY 24. This year the village is looking to resurface Centennial Drive which will lead to expense in excess of budgeted funds by \$76,921 to pay for it, along with possibly Whitetail Circle, part of Kelley Lane, and Duchess Lane. Construction costs have risen, and with all of the construction in FY23 summer/fall these projects were put off.
- **Motor Fuel:** Comes from the state on a per capita basis. The state's delay on accepting the increased population via the

census left us with less than what was expected in FY23 revenue. Estimates for FY24 are at the higher population numbers. Prelim work on Rinn & Park project will come out of this fund, along with ice control, estimated at \$250,000 for 2,200 tons of salt.

c. **Capital Project Funds**

- **Equipment Replacement.** Here we account for the Tyler ERP project (software implementation). The entire \$140,000 has been included in FY24.
- **Capital Improvement.** Includes Streetscape Grant and construction in excess of the grant to cover the ancillary projects such as the water pipe discoveries under State Street once the project was started, in addition to the Rinn parking lot. There are no projects expected from this fund in FY24, but there may be some holdover payments from FY23 projects.
- **Public Use.** Comes from new home permits, with 84 new homes/units anticipated. This fund will have revenue in excess of expenses, with these funds able to be used for the police department, village hall or streets department. Loan payments for TIF might come from here, and could potentially be used to help finance the Streets garage. There's not a large fund balance and if there is a downward trend on housing, that could be troublesome for making debt payments on the streets garage. Village Manager Hedges pointed out that if these funds were used for the garage, the village would still need to back the finance bonds with general obligation funds of the village.
- **Sanitary & Storm Sewer Improvements.** Used to record the expenses of the State Street improvements with the federal ARRA funds. Bond was issued and has been completely paid off. Ended with a negative fund balance and the fund is no longer being used. Since this was used for sewer projects downtown, it is being proposed to transfer this to zero it out (along with the \$30,000 capital improvements to fund Tyler project).
- **Transportation.** Stems from new home permits that can be used for transportation related purposes. The only expected expenditure is an offsetting \$137,000 that will be transferred to the General Fund for street related expenses.
- **Early Warning System.** This is collected upon issuance of new home permits and \$9,969 will go towards siren activation equipment. When all new homes are built in Prairie Ridge North we will need a new siren, so funds will be expended - \$30,000 – to ensure adequate coverage. The \$5,420 in this fund will be put towards this expenditure, supplemented by additional monies from the General Fund to cover the full cost.
- **Capital Improvement – TW.** When the developer of Tuscany Woods failed, the village pulled a letter of credit and completed the necessary infrastructure that the developer did not. There is \$60,910 left in the fund and it is being proposed that it be used to relocate the streetlight at the entrance at Romke and 72 which keeps getting hit.
- **Capital Projects – Debt Service.** Used to account for payment of long-term debt principal. \$47,808 will be expended this year despite no anticipated income, but there is a positive balance.

d. **Custodial Funds**

- **SSA 14 – Lakewood Crossing.** For infrastructure expenditures, with expenses in excess of revenue. The levy was approved by the Village Board in December. These funds do not affect the bottom line of the village at all. The village simply stands in the place of the developer and collects the property taxes. The county will no longer collect taxes on these.
- **SSA 13 – Tuscany Woods.** Taxes are much less than the above because the bonds issued are much less in value. The last year of the levy will be 2035 (payable/collected 2036).

e. **General Fund Sub-Funds formerly called Agency Funds** (Impact Fees, held for other government agencies/entities; does not affect

income/expense of village)

- **School** – no current impact fees as Developers satisfied these with land contributions.
- **Library**
- **Park**
- **Fire Protection**
- **Cemetery**
- **Township**

f. **Pension Trust Fund**

- **Police Pension Fund.** Fund needs to be 90% funded by 2040. Investment earnings are doing much better than in the recent past. Funds have been transferred to the state fund and we are awaiting a statement. Pension payments are being made to 3 retirees and only one was budgeted for FY23. A disability claim is also pending, and the pension fund will be adjusted accordingly. Revenue in excess of expenses is anticipated to be \$479,000.

ADJOURNMENT

Trustee Koth moved to adjourn the Budget Committee Meeting at 8:29 p.m.

Seconded by Trustee Robinson

Motion carried by voice vote.

Ayes: Robinson, Koth, Pollastrini

Nays: None

Absent: None