

CITY OF COUNTRYSIDE

*803 Joliet Road
Countryside, IL 60525
www.countryside-il.org*



Meeting Minutes Regular Meeting of the FINANCE COMMITTEE

Wednesday, February 14, 2024

6:30 PM

Council Chambers

Committee Members

Chairman: John Finn

Treasurer: Courtney Bolt

Alderman: Thomas Mikolyzk

Alderman: Thomas Frohlich

1. Call to Order

The meeting was called to order at 6:30 PM.

2. Roll Call

Those physically present were as follows:

Present: Chairman Finn, Treasurer Bolt, Alderman Mikolyzk and Alderman Frohlich

Also Present: Mayor McDermott, Alderman Von Drasek, City Clerk Kmet, City Administrator Paul, Finance Director Schutter, Police Chief Klimek, Public Works Director Serna, Deputy Clerk Saucedo, Golf Course General Manager Jeter, and Golf Course Superintendent Hill.

3. Communications from the Public

None.

4. Approval of Minutes

4.a. The minutes of the Regular Meeting of December 13, 2023 were previously distributed to the Board Members. There was one change under Section 5.a. on the bottom of the second page that should read “did not identify”. There being no other changes, the Minutes of December 13, 2023 were approved as presented.

A motion was made by Alderman Mikolyzk to approve the Finance Committee Meeting Minutes of December 13, 2023, seconded by Alderman Frohlich and carried unanimously.

5. Business from the Committee for Discussion, Consideration and if so Determined, Action Upon:

5.a. Consideration to approve the monthly Treasurer’s Report for the seven months ended November 30, 2023.

Finance Director Schutter stated that November financial statement reflects a positive revenue variance of just over \$707K. The revenue result was primarily due to positive variances in building permits (\$229K), sales tax (\$191K), Flagg Creek profit sharing distributions (\$75K), state income tax (\$48K), fuel tax (\$46K), local ordinance fines (\$37K), inspection/review fees (\$29K), and restaurant taxes (\$23K). Sales tax is continuing the higher trend from a conservative budget, a resilient consumer, and inflationary nominal costs. Fuel taxes have rebounded significantly from their pandemic

lows and last year came in at about 88% of pre pandemic levels. Inspection and permit fees are up significantly from an increase in local construction projects and income taxes continue to be higher from wage gains and low unemployment.

Expenses are trending at about \$175K under budget primarily from positive variances in the general administration, IT, police, and public works departments. The variances were achieved from lower personnel costs (admin, police, and public works) due to some employee turnover, lower legal costs (admin), and likely due to the timing of software and hardware purchases in the IT department. The general fund is showing a favorable surplus variance of just under \$883K through the first seven months of the 2024 fiscal year.

The capital project fund interest income is up from the budget based on rising interest rates through November and related investment of bond proceeds. The expense variance is based primarily on the payment of unbudgeted retention close out costs on the City Hall project. Other fund expenses consist of the Lexipol Policy Management Software purchase, drone purchase, Countryside park camera replacements/repairs (Police), the purchase of a walk behind mower (DPW), and engineering costs on the pedestrian bridge, MWRD drainage improvements, utility patching and the Joliet Road bike path projects.

With respect to the Flagg Creek Fund, year to date green/league fees exceeded the prior year and budget by \$72K and \$63.5K respectively. Range revenues exceeded the prior year and budget by just over \$22K and \$42K. Concession revenues exceeded the prior year and budget by \$23K and \$68K respectively. In all, total revenues are up by \$170K and \$215K to the prior year and budget respectively.

Net income from concessions exceeded the prior year and budget by \$15K/\$38K respectively, while running a net margin of 49% of sales. Total personnel costs as a percentage of revenue are running at about 29% through the first seven months. The prior year and budget are reflecting 32% and 34% of revenue respectively. Capital outlays of just over \$12K have been incurred YTD on the deck improvements and preliminary engineering costs related to the cart path resurfacing project.

Based on the revenue and expense analysis noted above the golf course is running a net surplus of \$748K versus a surplus of \$629K achieved in the prior year on a year to date basis. The golf course is reflecting outperformance to the bottom line by \$118K over the prior year when adjusting for capital outlay variances.

A motion was made by Alderman Mikolyzk to approve the Treasurer's Report for the seven months ended November 30, 2023, seconded by Alderman Frohlich and carried unanimously.

5.b. Discussion and presentation of the second requested budget for fiscal year 2025.

Finance Director Schutter stated that the purpose of the second requested budget is to update projections with data through November and then to include a budget for all City funds.

General fund revenues for the second requested budget as of 2/14/24 are very conservative relative to the fiscal year 2024 projection. Material revisions from the first requested budget include an upward adjustment to investment income and a reduction in the transfer in from the Hotel/Motel fund. Investment income was revised from an assessment of current and forecasted market conditions as well as from elevated interest rates affected primarily by the current and forecasted direction of the Federal Reserve's monetary policy cycle. The transfer in from the Hotel/Motel fund is also pegged to the projected surplus availability after covering advertising contributions, special events, and other community relations expenses. The projected result in this fund was impacted by a slight reduction in the number of participating car dealerships in the budgeted advertising campaign for fiscal year 2025.

For the general fund expenses the primary revision from the first requested budget includes an increase in the projected excess police pension fund contribution resulting from an increase in the projected structural surplus in the general fund.

The 2025 budget assumes full staffing levels across all general fund departments in addition to funding step increases and a COLA assumption of 3.5% for non-union and Local 150 related position scales. The Police Department will be in its final year of the collective bargaining contract and the budget reflects the contractual COLA increase of 3% for the 2025 fiscal year.

Health care and dental premiums are projected to grow by 7.5% and 5% which are relatively aligned with the preliminary renewal projections recently released by the City's personnel benefits pool (the IPBC). Premiums and claims projections for the IRMA risk pool now reflect the City's election to increase the per claim deductible from \$50K to \$100K per event – this increased the budgeted claims expenses while simultaneously lower total premium costs.

The IMRF employer contribution rate for calendar year 2024 has been finalized at 8.23% versus the prior year rate of 8.1%.

Normal police pension contributions were last calculated at just under \$500K or 19% of level projected payroll. Budgeted contributions in excess of this figure would be considered excess or discretionary.

In the capital fund grant revenues were revised upward by \$120,000 relative to the recent capital grant award from the Illinois Department of Economic Opportunity

(DCEO). The grant must be used for infrastructure improvements and it will be used to partially fund the 2024 resurfacing program in conjunction with Community Development Block Grant (CDBG) and accumulated capital fund reserves.

The local share of grant expenses has been revised upward to reflect preliminary design engineering costs on the route 66 pedestrian bridge.

The budget now includes \$30K to replace the City Administrator's vehicle and is net of an assumed trade in value estimated at \$10K.

Police equipment now includes a larger provision for body cameras based on recent pricing indications and has also been increased to include in car camera replacements as well. In addition \$10K has been added to cover a new "Total Station" to be used by the department's Accident Reconstructionist – purchase prices which includes hardware and software.

The DPW equipment budget was increased by \$50K to provide for the replacement of the superintendents administrative vehicle. The superintendent's current vehicle is an old squad car with high mileage and extensive wear.

Ending capital fund reserves, net of the budgeted costs of just under \$2.3 million, is projected to be just over \$2.1 million which should be sufficient to cover at least one more year of projects following 2025.

5.c. Discussion on updated 15-year capital replacement schedules.

Finance Director Schutter stated that the City annually develops long term capital plans covering the replacement of infrastructure and equipment assets. The infrastructure replacement plans are typically reviewed by the Infrastructure Committee – street resurfacing and water main replacement programs. The long term equipment replacement plans for the Police Department, Public Works Department, and the Flagg Creek fund are typically reviewed by the Finance Committee.

The Public Works Superintendent and City Engineer will update the 5-year resurfacing program and 15-year Water Main Replacement program at a future date within this budget cycle. The plans have been updated from rolling forward last year's schedule with inflationary assumptions and other analytical adjustments.

Replacements in the later years of the schedules begin to align better within their useful life estimates. Pricing and pieces scheduled for replacement are re-examined annually based on condition assessments and other economic effects such as supply chain issues, inflation levels, etc. The schedules assume inflationary adjustments at 2.5% annually from the last known actual cost assumption.

6. Other Committee Business.

None.

7. Adjournment.

There being no further business to discuss, Alderman Mikolyzk motioned to adjourn, seconded by Chairman Frohlich and carried unanimously.

Chairman Finn declared the meeting adjourned at 7:09 PM.

APPROVED:

Respectfully Submitted,

Chairman John Finn

/km