

Oak Park and River Forest High School
201 N. Scoville
Oak Park, IL 60302

**I-Gov Committee Meeting
Saturday, October 25, 2014
Brooks Middle School Commons
325 South Kenilworth Avenue, Oak Park
9:00 am-11:30 am**

Call to Order

The meeting was called to order at 9:00 am. Committee members attending were Dr. Steve Gevinson, Dr. Ralph Lee, and Jeff Weissglass.

Other Attendees were:

Elementary School District 97 Board: Graham Brisben, Amy Felton, Jim Gates, Jim O'Connor, Bob Spatz, and Peter Traczyk; Oak Park Library Board Matt Baron, Janet Kelenson, and David Sokol; Oak Park Township Board: David Boulanger, Clarmarie Keenan, and Jim Taglia; Park District of Oak Park Board: Paul Aeschleman, Jessica Bullock, Vic Guarino, Sandy Lentz, and Dave Wick; and Village of Oak Park Board: Anan Abu-Taleb, Peter Barber, Colette Lueck, Andrea Ott, Adam Salzman, and Bob Tucker.

Visitors included: Ali ElSaffar, Village of Oak Park Township Assessor, Teresa Powell, Oak Park Village Clerk, Jan Arnold, Park District Executive Director; Tod Altenburg, District 200 Chief School Business Official; Kyle Cratty, Park District Director of Finance; Sheryl Marinier, District 97 Administrative Assistant to the Superintendent; Gavin Morgan, Oak Park Township Manager; Jack Norton, Oak Park Township Director of Finance; Cara Pavlicek, Oak Park Village Manager; Dr. Albert Roberts, District 97 Superintendent; and David Seleb, Oak Park Library Executive Director.

Welcome

Village President Anan Abu-Taleb welcomed those attending this Joint Assembly of local government boards, noting that it was good when every local government could break bread and talk taxes. He stated that they share a goal of what is best for citizens of Oak Park and asked everyone to think of new ideas and new ways to work together to benefit the community as a whole. All governments share the same tax pool of Oak Park dollars and the fiscal action of any board affects them all. By understanding the issues faced by each government, they can best work together. He introduced the moderator for the meeting, Gil Herman.

Meeting Purpose, Process and Payoff

Mr. Herman explained the seating arrangements for participants and thanked the Library Board for providing morning refreshments. He gave a brief explanation of the Intergovernmental Committee (IGov), which includes representatives of each of the six local taxing bodies for better cooperation among governments and which organized this event.

He explained that under the Open Meetings Act, no more than two board members from any single board should talk together at this meeting. Any discussion of action to be taken as a result of this meeting will be conducted in meetings of the individual boards at a later date. He then discussed the purpose, process and payoff of this meeting.

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The purpose overall is intentional collaboration to optimally share resources in alignment with the Envision Oak Park Comprehensive Plan with a focus on sustainability. The Comprehensive Plan includes economic, environmental and social aspects of Oak Park. The specific focus today is on economic issues to educate, differentiate issues, and collaborate to optimize joint solutions.

Each of the governments had five minutes to briefly review slides detailing the revenues, expenses, fund balance and organizational challenges. Following the presentations discussion among elected officials took place at the five tables in the center of the room. Observers were invited to listen in (not participate) at the tables to any of the discussions or hold their own discussions about what they have seen and heard. Brief report outs and public comment followed.

Index cards were available for all present to submit questions to any board or the IGov committee for response. In addition the agenda had contact information for all six boards.

Mr. Herman explained the payoff for the meeting. Each board member should better understand the financial situation, drivers and challenges of each of the other boards. Each board would receive input and questions for further discussion at individual board meetings. This meeting will clarify the desire and focus for intentional collaboration through further IGov meetings. Finally, the gathering of questions and comments from table discussions, along with minutes of the Joint Assembly, will help determine what the issues are and how to make this information available to interested parties.

Presentations

Mr. Herman introduced the presentations with a slide showing increases in the proportion of the property tax burden for residential homeowners over the past several decades. The next two slides showed the distribution of property taxes by governments and the 2014 distribution of property taxes to all governments involved. The remaining slides were to be presented by each government to show their individual revenues, expenses, fund balance and major challenges.

Township

Gavin Morgan, Township Manager of Oak Park Township, explained that the slides presented refer only to the Town Fund, and that two other funds, the Community Mental Health Fund (\$1.58 million in expenditures for FY 2014 with a fund balance of \$1.53 million) and General Assistance Fund (\$553,000 in expenditures for FY 2014 and a fund balance of \$351,000) were not included. Revenue top drivers are property taxes (65%), intergovernmental, (which includes Federal, state and local sources including the Youth Interventionist program jointly funded by all local governments in Oak Park and River Forest) and charges for services.

Major expenditures are for personnel (salaries), operating costs and services and fringe benefits (about 70% of total expenditures are for salaries and benefits). The fiscal year is April through March. The Fund Balance, at 103% in 2010 prior to the purchase and renovation of the new Senior Services building at 130 South Oak Park Avenue, has now dropped to 36% for 2014 as was previously planned for purchase of a property. Organizational challenges include changing priorities and sources of state and Federal funding, particularly for Senior Services, as well as maintaining local funding for the Youth Interventionist program. Another challenge is homelessness and prevention, and addressing mental and behavioral health issues for all residents.

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Library

David Seleb, Executive Director of the Oak Park Public Library, explained that property tax was the major source of funding and remains steady at about 94%, as is common for libraries statewide, and will not change. Small percentages come from grants, gifts, donations, and interest. The fee environment provides remaining revenues. The drop in revenue in 2016-2020 is based on retirement of debt from the library over five to six years. Major expenses are wages and benefits, debt service (24%), with drops in debt payments over the next five years. The board has committed to fundraising and exploring options for other non-tax sources of revenue. Technology has been at the center of library activity for a long time and will continue.

The fund balance is near 42%, in accordance with the policy of the library board. He explained that the fund balance is replenished by tax revenues in fall and spring and gradually falls as operating expenses are paid until the next payment. Challenges, based on the library's strategic plan, include expanding non-tax revenue sources, improving access to Oak Park historic content, increasing access to library spaces for diverse uses, improved staff skills and environmental stewardship.

Parks

Jan Arnold, Executive Director of the Park District of Oak Park, noted that property tax was the major source of funding at 57%, with 27% from user fees and grant funding providing much of the rest. The Park District hopes to increase non-tax revenue (program fees, pass sales, etc.) over time to 50% of total revenue with a goal of 42% in the coming year. Grants are being actively pursued, with a \$1.6 million grant in 2013 for the project at Scoville Park, increasing intergovernmental transfers that year. Another grant source has brought in \$400,000 annually over the past eight years to rebuild parks.

Top expenses are wages and benefits at 44%; debt service is 12% repaying the \$30 million in bonds issued in 2011-2013 for the Ridgeland project and others. Converting fitness staff from contractors to staff will provide greater control, moving some expenses from contractors to wages. Drivers are wages and benefits, with some deferred maintenance at facilities to be improved. The next 10 year master plan is scheduled to be approved in December with focus helping shape future decisions for programs and facilities. Utilities expenses will increase with additions such as irrigation systems in several park locations.

The overall fund balance is at 25% but is 75% for the museum fund which supports Pleasant Home and the second floor of Cheney Mansion. Other challenges growing revenue mix for programs and services, diversifying users from 24% current use, with more program outreach to teens and seniors and implementation of the comprehensive plan recommendations and pending changes in the minimum wage. Many employees are in the minimum wage category and an increase in the minimum wage to \$11 will increase costs by \$250,000 with a \$100,000 annual increase for every additional dollar increase.

District 97

Bob Spatz, President of the Oak Park Elementary District 97 School Board, noted that property taxes are the major source of school funds, as well as student fees, TIF distributions with 12% state aid and 7% in other state funding such as special education and transportation. D97 had a referendum increase in 2011 anticipating that state funding would grow after the state tax increase with inflation. State funding has instead gone down since then. Top drivers of revenues are state funding and potential changes to pension payments of Senate Bill 16, which will cost \$5.3 million per year, a huge chunk of state funding along

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with a planned referendum in 2017, neither of which is reflected in the graph. CPI is a big driver in the referendum because all governments but the Village are tax capped.

Top expenses are salaries and benefits (75%). Other expenses include busses, utilities, and other services. Top drivers of expenses are projected increases in enrollment (1000 increase in last 10 years), collective bargaining contracts with number of staff and the potential Teachers Retirement Fund pension shift by the State.

The fund balance drops off by 2017. In first years after the referendum revenues exceed expenses, and then drop off, as need for another referendum is anticipated in 2017. Bonds for Brooks and Julian will go off the books in 2017 and 2018, or \$4.5 million per year. Challenges include equity and excellence in education, changing times with new programs, legislative changes, enrollment and capacity.

District 200

Jeff Weissglass, board member of the Oak Park River Forest High School District 200, noted that nearly 80% of total revenues come from property taxes and just over 10% from other local sources. Last year the board reduced the tax levy by \$10 million. Key revenue drivers are the operating levy reduction, the debt service levy abatement and Senate Bill 16 which has the potential of a \$1.7 million per year loss. The current goal is for the fund balance to cover debt service, with three more years until current debt is paid off.

Salaries and benefits are the highest expense category, and could increase with growing enrollment (from 3,300 to 3,900 projected by the end of the decade). Other top expense drivers are implementation of the strategic plan and technology initiatives.

The fund balance grew as a result of the phase in of the 2002 referendum as well as expense management and reached nearly 200% of the operating budget. Last year an ad hoc Finance Advisory Committee recommended that they phase down the fund balance to below 100% of operating expenses within two to four years and down to 40% in eight years, balancing significant capital investment needs and tax level. Plans are under consideration to reduce the levy again this year; this can only be done for two years because of school code rules. If no action is taken on the fund balance the fund balance would still have 120% of operating expenses in five years. Challenges include implementation of the strategic plan, educating students on knowledge, skills and character and pursuing excellence and equity.

Village of Oak Park

Cara Pavlicek, Village Manager of the Village of Oak Park, explained that as a home rule unit of local government under state law, the Village can take such actions provided they are not specifically prohibited for a city/village by state statute. The Village has more than thirty funds that fall into four categories. In addition to the general operating fund, enterprise funds cover all expenses through related revenues, such as user fees. Internal service funds cover special expenses such as debt service. Special revenue funds include categories such as community development block grants which must be tracked separately under federal requirements. When considering general revenue funds, the percent of property tax is about 50%.

Expenses are shown by all funds, with wages and benefits less than 50%, and contractual services account for functions outsourced by the Village. Considering only the general operating fund, public

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safety services account for roughly 65% of expenses. The village board has in recent years approved the annual budget restricting expenditures at an amount less than projected revenue.

The general fund balance policy is 10% to 20% of expenditures and while the village is not in compliance with this policy it is noteworthy that a \$10 million deficit in the parking fund offed to the general fund since 2008 will be paid off this fiscal year. She discussed various regulations which impact how services are delivered and which require varied expertise. Fifty-five percent of village employees are part of the village's 24/7 operation (police, fire and emergency medical service).

Another significant financial impact to the village is police and fire pensions, which represent 30% of total the total tax levy received by the Village. For every dollar paid to a fire fighter another 55 cents is contributed to the fire pension fund. For police pension costs are 33 cents for every dollar of salary. These are set by state law but funded by the local property tax levy. She concluded by referencing the increased percentage of the property valuation in the village classified as residential over the past two decades which is indicative of the shifting tax burden.

Open Discussion and Presentation Following Breakout Sessions

Mr. Herman introduced the next phase of the agenda following a brief break. Elected officials were assigned to one of the five tables. Observers were welcome to listen to the discussion. All present were invited to submit questions on the index cards. Each table will also report back on discussion through a response sheet. Comments were invited from the breakout participants.

Peter Traczyk talked about the term "look up", used with young soccer players. While each board has its own mission, it's also important to "look up" and remain aware of the issues of other boards. He suggested that each board could have IGov as a standing board item as a method to do this. When making large decisions it's important to "look up" and be aware of the possible impact on other taxing bodies. He also suggested in looking at the financial reports of each board that the group as a whole has an opportunity in the next four to six years in the face of taxpayer fatigue that many boards have debt coming off. A key strategy over this period will be how they manage debt roll off and not simply replace that debt to control taxes.

Mr. Gates reported the desire for better active communication, and the table was struck by the commonality of experience of all of the boards. He suggested that they are more like one board with six different missions. When they go back to their boards, the hope is that the conversations within individual boards can leverage this. While not every issue involves all boards, often more than one board has an interest and when decisions can be made jointly, people are much more willing to listen. He was encouraged by the positive response to this and there is desire to move ahead with this process.

Mr. Aeshleman suggested leveraging governing bodies, especially on legislative issues and for legislative outreach. Other opportunities include addressing debt service. Another issue involves demographic changes with a growing population of more services to more people. They also considered how governments leverage intergovernmental agreements and how decisions made today may limit decisions by future boards.

Mr. Barber reported that his table also discussed the future of IGov. Beyond 300 or 400 people, most residents don't fully comprehend what they do. The fact that this group met is very important. They need to do this twice a year and set firm priorities to give IGov something to focus on such as infrastructure or

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debt burden. To some extent IGov has been driven by the Village, but going forward it needs commitment by all governing bodies. Ultimately this might mean that a staff person is needed to assist with this. He thanked Teresa Powell and Sheryl Marinier and others for their help.

Mr. Herman liked the analogy “looking up” and mentioned hearing different perspectives in each discussion. He mentioned the analogy of a big beach ball where it is possible to put pressure on one area impacting another area, but today’s discussion was balanced among all issues and concerns. He explained that further meetings of each board to consider any action to be taken as a result of today’s discussion but that no action have been determined today.

Mr. Herman concluded by noting that the payoff today was for board members feel more educated and have a better understanding about other boards. The group agreed that this goal had been met.

Public Comment

There was no public comment.

Adjournment

Mr. Spatz thanked the members of the Assembly planning committee: Jim Gates, Graham Brisben, Paul Aeschleman, Vic Guarino, Colette Lueck, Teresa Powell, Sheryl Mariner, and the custodial staff at Brooks for their help.

The meeting adjourned at 11:25 a.m.