Village of Mount Prospect
Committee of the Whole
Meeting Agenda
50 S. Emerson St. Mount Prospect, IL 60056

October 10, 2023	Village Hall - 3rd Floor Board Room	6:00 PM

1. **CALL TO ORDER**
2. **APPROVAL OF MINUTES**
   2.1. Minutes of the Committee of the Whole - Village Board and Finance Commission Workshop, August 8, 2023
3. **CITIZENS TO BE HEARD**
4. **DISCUSSION ITEMS**
   4.1. 2024 Proposed Annual Budget - Joint Village Board and Finance Commission Workshop
5. **VILLAGE MANAGER'S REPORT**
6. **ANY OTHER BUSINESS**
7. **ADJOURNMENT**

Village of Mount Prospect
Committee of the Whole – Joint Village Board and Finance Commission
Meeting Minutes
Tuesday, August 8, 2023 / 6:00 p.m.

1. CALL TO ORDER
The meeting was called to order by at 6:09 p.m. by Mayor Paul Hoefert in the Board Room at Village Hall, 50 S. Emerson Street.

1. Roll Call

a. Village Board

The following members of the Village Board of Trustees were present upon roll call by the Village Clerk:
Mayor Paul Hoefert, Trustee Vincent Dante, Trustee Agostino Filippone, Trustee Terri Gens, Trustee Bill Grossi, Trustee John Matuszak and Trustee Colleen Saccotelli.

b. Finance Commission

The following members of the Finance Commission were present upon roll call by the Chairperson of the Finance Commission, Trisha Chokshi:
Commissioner Vincent Grochocinski, Commissioner Don Ocwieja and Commissioner Edward Derfler
Absent: Commissioner Ken Arndt, Commissioner Pam Bazan, Commission Yulia Bjekic

2. Approval of the Committee of the Whole Minutes – July 11, 2023
2.1 Minutes of the Committee of the Whole Meeting – July 11, 2023

Motion by Colleen Saccotelli, second by Bill Grossi to approve the Committee of the Whole minutes of July 11, 2023:

Aye: Vincent Dante, Agostino Filippone, Terri Gens, Bill Grossi, John Matuszak and Colleen Saccotelli
Nay: None

Final resolution: Minutes approved.

3. Citizens to be Heard
None

4. Discussion Items
4.1 2023 Second Quarter Review - Joint Workshop with the Village Board and Finance Commission

Director of Finance Amit Thakkar presented the highlights of the 2023 Second Quarter Review:

- Strategic Plan completed – allows staff to plan and budget for future projects
- Village received a Clean and Unqualified Opinion following the annual audit or Village financial statements

- Total revenues collected during the second quarter total $42.5 million; includes a recorded all-time high monthly sales tax collection in June 2023 ($2.9 million)
- Revised Fund Balance Policy; new Fund Balance Policy levels at 30-50 percent; established Economic Emergency Fund with an initial funding of $6.5 million from 2022 surplus
- Positive investment income from the Pension Funds

Mr. Thakkar provided details and compared Q2-2023 revenues with Q2-2022 revenues. Mr. Thakkar stated total revenues from Q2-2023 are higher when compared to Q2-2022 total revenues ($28.8 million) due to timing issues with property tax payment collections. Mr. Thakkar stated property tax payments were collected in the first quarter of 2022.

Mr. Thakkar presented 2023 year-to-date revenues (January-June) that total $64.5 million. Mr. Thakkar presented the top revenue sources that include:

- State sales tax
- Property taxes
- State income tax
- Home-rule Sales tax
- Interest income
- Ambulance fees
- State Use tax
- State Motor Fuel tax
- Personal Property Replacement Tax
- Food and Beverage tax

Mr. Thakkar compared year-to-date data from 2023 with 2022. Overall, 2023 revenue totals represent a $1.4 million increase over 2022 revenues for the same period. Mr. Thakkar presented details regarding major revenue sources. Mr. Thakkar stated $6.0 million from the State Sales Tax will be given to the Capital Project Funds. The remaining sales tax will be part of the General Fund revenues, approximately $26.1 million.

Next, Mr. Thakkar presented Q2 2023 expenditures that total $38.3 million. This figure includes the $6.5 million interfund transfer to the Economic Emergency fund. Mr. Thakkar detailed expenditures by department and compared data with 2022 year-to-date data.

Mr. Thakkar presented expenditure highlights through the second quarter that include:

- Village spent 44.8 percent of the budgeted Personnel Expenditures - $25.3 million
- Spent 44.3 percent of the budgeted Contractual Services – $16.9 million
- Spent 15.5 percent of the budgeted Commodities and Supplies - $1.2 million

Mr. Thakkar added that the Village has conducted capital projects totaling $8.9 million. There are many major projects that are in progress that will be completed in the third and fourth quarters. Mr. Thakkar noted highlights in the Village expenditure schedules. Mr. Thakkar provided details regarding Pension Funds, the Fund Balance, and the Economic Emergency Fund.

Mr. Thakkar concluded the Second Quarter Review by stating the Village is in a very strong fiscal position. Aided by a strong local economy, the most recent sales tax to date (May 2023) shows $3.1 million in sales tax collection. In addition, the local real estate market remains competitive. Mr. Thakkar predicted the Village will likely outperform its revenue forecast again for 2023.

Mr. Thakkar answered questions from the Village Board and Finance Commission. A discussion regarding Mr. Thakkar's presentation followed.

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Mr. Thakkar provided the following in response to questions from the Board:

- The revenue from building permits are up over last year indicating people are reinvesting in their homes
- State is flushed with cash and has established their own “rainy day” fund in the amount of $1.2 billion
- Low inventory of homes for sale; home values have increased; median household income has also increased

Board Comments:

- Suggested pushing out information encouraging residents to reinvest in their homes via the Village newsletter
- Concerned with dependence on a fluid revenue stream (sales tax); would like Village to diversify revenue sources
- Important to promote and grow our business community

Public Comment:
Steve Polit

- Referenced an event in 2008-2009 when property tax bills were delayed and the Village provided assistance to the Library through a loan.

Mr. Thakkar responded, stating the library is also in a very strong financial position; when property taxes were delayed last year, Cook County offered a bridge loan program. However, Village would consider assisting the library in the future if needed.

Mr. Thakkar concluded the presentation by reiterating the Village’s strong economic position.

4.2 Community Investment Plan FY 2024-FY 2028

Mr. Thakkar presented the five-year Community Investment Plan (CIP) and noted this plan is preliminary.

The five year-CIP plan is budgeted for $166.1 million. Public Works project account for approximately 96% of the CIP. Items in the CIP include the following categories and investment:

- Streets and Sidewalks – 46%
- Utilities – 33%
- Fleet and Equipment – 7%
- Flood Control and Storm/Sewer – 6%
- Building Investments – 5%

Mr. Thakkar discussed recurring items totaling $111.9 million versus onetime projects totaling $54.2 million. Mr. Thakkar discussed projects by department and associated funding sources. The CIP investment for 2024 is $32.5 million.

Mr. Thakkar discussed key recurring projects in 2024 that include the Street Improvement Program ($5.8 million), Watermain Replacement Program ($5.4 million), Sewer main Rehabilitation Project ($1 million) and Combined Sewer Improvements ($800,000).

Mr. Thakkar discussed specific projects planned for 2024:

- Village Hall showers, lockers, and fitness area - $350,000; no tax dollars are funding this project. Funding is derived from Employee Incentive Funds
- Fire Department radio replacements - $750,000; majority of cost will be paid by the Northwest Central Dispatch

Mr. Thakkar introduced Public Works Director Sean Dorsey to discuss proposed Public Works CIP projects. Mr. Dorsey shared details of each project including budget estimates and funding sources including grant opportunities. The projects include:

- Melas/Meadows Pedestrian Project
- Phase II - Bike Path Improvements
- Central Road Resurfacing Projects
- Main/Busse Crosswalk
- Water Reservoir No 4 Rehabilitation
- Public Works Vehicle replacement program

Discussions followed each project. Mr. Dorsey answered questions from the Board and Commission.

Public Comment
Steve Polit

- Expressed concerns regarding Main/Busse crosswalk improvements

Fire Chief John Dolan presented the Fire Department's vehicle replacement items for 2024 totaling $2.1 million. Chief Dolan stated he is facing similar challenges as others regarding price increases, availability, and long lead times. Replacement vehicles planned for 2024 include:

- Pierce Tower Ladder truck
- Foam Truck – carryover; re-budgeted for 2024
- Pick-up truck – replacing passenger vehicle

Chief Dolan stated all trucks are funded through the Vehicle Replacement Fund.

Chief Dolan answered questions from the Board and Commission.

Mayor Hoefert provided closing comments.

The Board shared comments regarding the second quarter review and Capital Improvment Plan. In response to a question from the Board regarding a public arts plan and a proposed statue of William Busse, Mayor Hoefert stated information is being gathered and will be discussed at a public meeting with input from the community at the appropriate time.

No further discussion.

5. Any Other Business
None

6. Adjournment
There being no further business to discuss, Mayor Hoefert asked for a motion to adjourn. Trustee Matuszak, seconded by Trustee Saccotelli, moved to adjourn the meeting. By unanimous voice vote of the Village Board and Finance Commission, the August 8, 2023 Committee the Whole Joint Village Board and Finance Commission workshop adjourned at 8:26 p.m.

Respectfully submitted,

Karen M. Agoranos
Village Clerk

Item Cover Page

Subject	**2024 Proposed Annual Budget - Joint Village Board and Finance Commission Workshop**
Meeting	October 10, 2023 - MEETING OF THE MOUNT PROSPECT COMMITTEE OF THE WHOLE
Fiscal Impact	
Dollar Amount	
Budget Source	
Category	DISCUSSION ITEMS
Type	Presentation

Information

This Joint Workshop of Village Board and the Finance Commission will be held for a review of the 2024 Proposed Annual Budget. The spending plan being presented is a responsible and transparent financial plan that incorporates key policies and priorities established by the Mayor and Board of Trustees.

During 2023, the Village worked to recapture some of its lost workforce from the 2009-10 economic downturn. The Village recently added six (6) firefighters and five (5) sworn police officers to the 2023 budget to improve critical public safety related service levels. After a careful analysis, the Village will further be adding a second police sergeant to its Investigations division. The Village will have a total of 89 sworn police officers, up from 83 at the beginning of 2022, with this proposed hiring. This brings the total headcount for the Village to a full-time equivalent of 334.5, which was 329.0 at the beginning of 2023. The Village also placed a fourth ambulance into service full time in June 2023 at Station 12 in south Mount Prospect. The newly added six (6) firefighters/paramedics and an additional ambulance allow for service level and response time improvements throughout the Village.

The Village has experienced a tremendous amount of growth in its state shared sales tax revenues over the past two (2) years. The state shared sales tax revenue is a variable revenue source, and it is the largest revenue source for the Village. The products that are generating a majority of the sales tax are non-elastic and are not impacted by economic ups and downs. The Village is expected to collect $31.0 million in sales tax revenue. Of this amount, $6.0 million is allocated between three (3) capital project funds. It is recommended to use a variable revenue source for one-time projects and capital assets. The Village started allocating $6.0 million to capital project funds starting in the fiscal year (FY) 2023 and the same has been continued for the year 2024. The outperforming sales tax revenues allowed the Village to suspend its vehicle sticker program in FY 2023. Since the recently added sales tax revenues have proven their consistency, month over month, staff recommends eliminating the vehicle sticker program. The Finance Commission voted in favor of eliminating the Vehicle Sticker, and the proposed budget eliminates the vehicle sticker program for FY

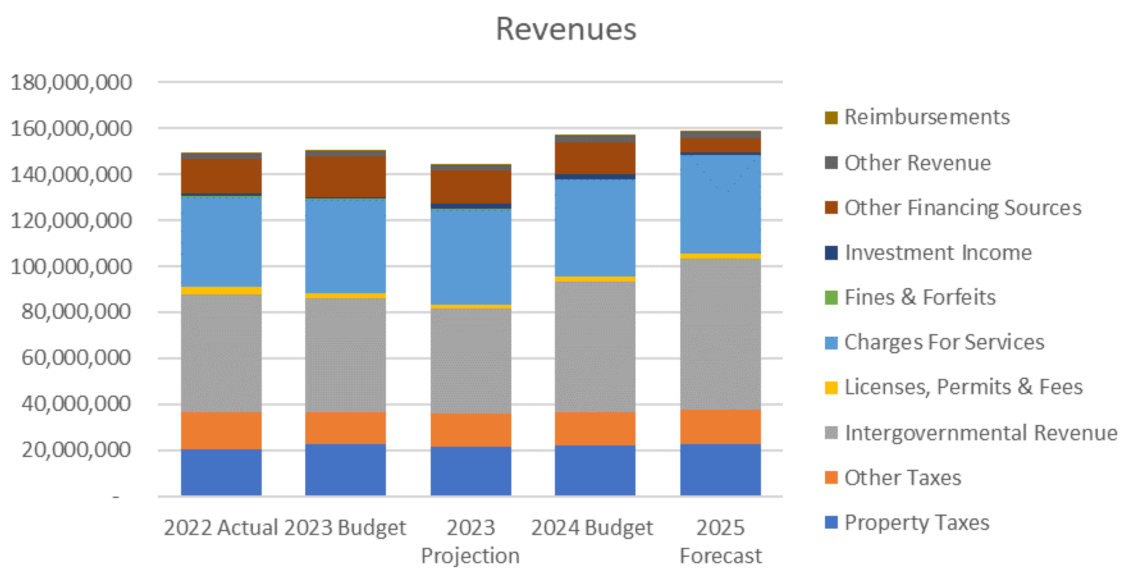
2024 and onwards.

The added sales tax revenue has allowed the Village to fund property tax abatements totaling $4.4 million. Of this amount, $2.0 million will be abated for the Police Pension Fund and Fire Pension Fund. The remaining $2.4 million is deployed from the General Fund towards various G.O. Bonds debt service obligations. The debt service abatement includes $1.4 million for the Police and Fire HQ Bonds, $894,500 for the 2009 Refunding Bonds, and $75,425 for the 2016 G.O. Bonds. In the absence of the above abatements totaling $4.4 million, the Property Tax levy would reflect an increase of 17.3 percent over the 2022 levy amount. These abatements will bring the levy back to 2020 levy amount, which was at $19.4 million. The 2023 property tax levy is proposed at $19.4 million, a reduction of $974,673 or 4.77 percent. The proposed levy rolls back 5.0 percent added to the 2022 levy payable in 2023, which equates to 4.77 percent of the current levy amount.

The 2024 revenue budget totals $157.1 million, an increase of $7.0 million or 4.7 percent. FY 2024 budget includes various one-time grant revenues, including recognition of the American Rescue Plan, Surface Transportation Program Grant (STP), Congestion Mitigation and Air Quality Grant (CMAQ), and a few other one-time grants have resulted in an increase of $6.9 million or 13.9 percent in the Intergovernmental Revenues.

Revenue Categories	2024 Budget	2023 Budget	Increases / (Decrease)	% Change
Property Taxes	22,022,359	22,393,921	(371,562)	-1.7%
Other Taxes	14,689,000	14,144,500	544,500	3.8%
Intergovernmental Revenue	56,598,663	49,689,008	6,909,655	13.9%
Licenses, Permits & Fees	2,037,000	1,959,500	77,500	4.0%
Charges For Services	42,240,404	40,837,772	1,402,632	3.4%
Fines & Forfeits	470,955	530,140	(59,185)	-11.2%
Investment Income	1,818,245	278,266	1,539,979	553.4%
Other Revenue	2,854,944	2,166,550	688,394	31.8%
Reimbursements	337,000	203,000	134,000	66.0%
Total Reoccuring Revenue	**143,068,570**	**132,202,657**	**10,865,913**	**8.2%**
Other Financing Sources	14,029,000	17,850,000	(3,821,000)	-21.4%
Total Revenues	**157,097,570**	**150,052,657**	**7,044,913**	**4.7%**

The below chart summarizes various revenue categories with 2022 Actual, 2023 Amended Budget, 2023 Projection, 2024 Budget, and a preliminary forecast for the year 2025.



The Village is actively working to reduce the burden of property taxes. The overall property tax levy for the year is proposed at $19.5 million, a 4.77 percent reduction compared to the 2022 levy payable in 2023. The above property tax amount includes a property tax levy totaling $19.5 million as well as tax increments to be received under two of the Village's Tax Increment Financing Districts totaling $2.9 million.

The investment income of the Village has increased due to increases in interest rates. The 2023 projection shows the investment income totaling $2.7 million against the original budget of $278,266. The rates are expected to fall in 2024, while at the same time, due to committed investments in various investment instruments, the Village is expected to earn $1.8 million in investment income.

The other financing sources mainly include planned inter-fund transfers from the General

Fund to various funds. The below-listed transfers will be recognized as income to the receiving funds.

Fund	Amounts
Water/Sewer Fund from ARP	5,300,000
Debt Service Fund	2,171,000
Capital Project Fund	2,118,000
Street Improvement Construction Fund	2,000,000
Pension Stabilization Fund	2,000,000
Flood Control construction Fund	265,000
Village Parking System Fund	175,000
Total Interfund Transfers	**14,029,000**

The above transfers will support the Village in achieving various strategic goals, conducting various capital projects, and abating the property tax levies.

The budget for 2024 expenditures totals $164.6 million, a decrease of $3.7 million, or 2.2%, from the amended 2023 Budget. The decrease in spending is mainly attributable to a reduction in scheduled inter-fund transfers from the General Fund. FY 2023 includes $17.9 million in inter-fund transfers. Of this amount, $6.5 million is transferred from the General Fund to the Economic Emergency Fund. This is a one-time transfer and is not expected to be repeated on an annual basis. It is the intention of the Administration to fund a second transfer of $6.5 million from the General Fund surplus (if any for the year 2023) to the Economic Emergency Fund. However, currently, no such transfer is anticipated.

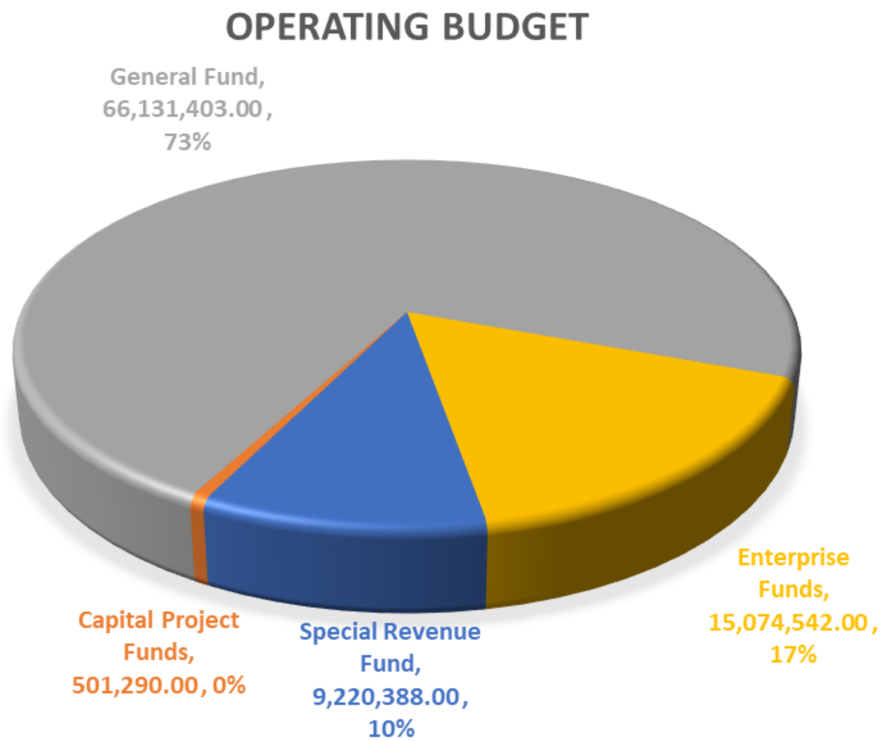
Expense Category	2024 Budget	2023 Budget	Increase / (Decrease)	Percent Change
Operating Budget	90,927,623	86,066,909	4,860,715	5.6%
Community Investment Plan	35,425,622	41,697,152	(6,271,530)	-15.0%
Debt Service	7,645,734	7,620,325	25,409	0.3%
Internal Service Fund	13,372,556	12,552,222	820,334	6.5%
Special Revenue Business District	1,750,000	1,421,500	328,500	23.1%
Special Revenue TIF	1,497,600	1,169,100	328,500	31.3%
Interfund Transfer	14,029,000	17,850,000	(3,821,000)	-21.4%
Grand Total	**164,648,135**	**168,377,207**	(3,729,072)	**-2.2%**

<u>Operating Budget</u>

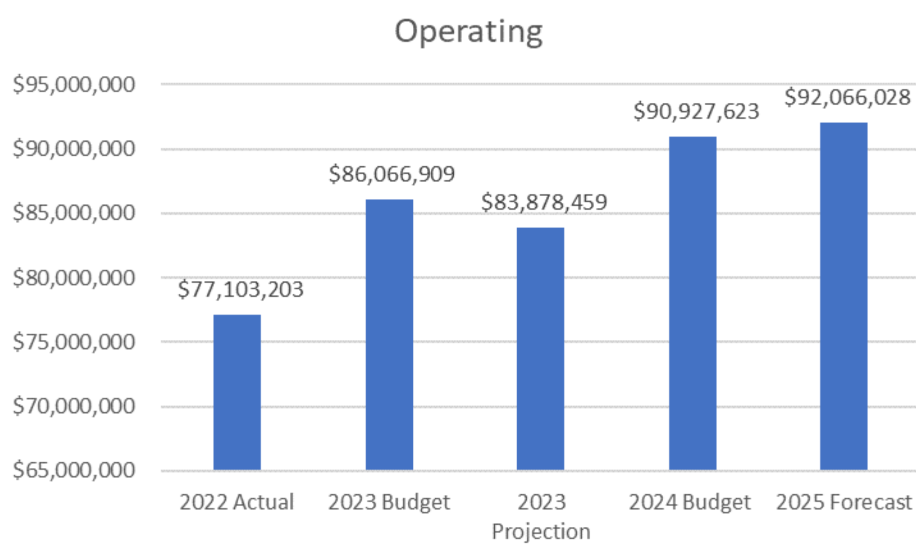
The Village's operating budget reflects the anticipated spending for all departments during the upcoming year on items such as public safety, planning and development, social services, and other municipal programs and services.

In 2024, the total operating budget is $90.9 million. This is an increase of $4.9 million or 5.6 percent from the amended 2023 budget. Funding to support the operating budget comes from the General Fund, Capital Project Funds, Special Revenue Funds, and Enterprise Funds.

The graph below reflects a breakdown of the operating budget Fund Type.



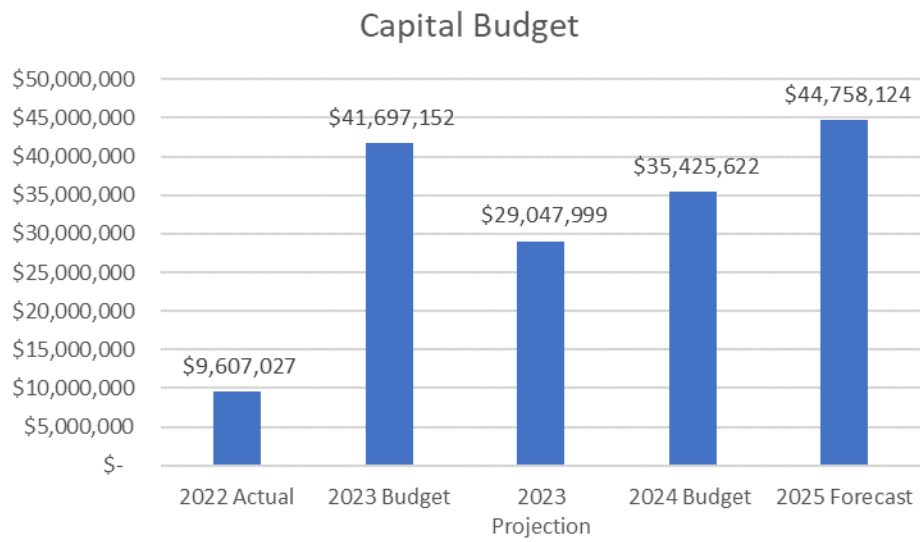
The increase in the operating budget is primarily attributable to the increase in pension costs, cost of living adjustments, and inflationary adjustments for contractual services. Recent inflation is recorded at a 40-year high and resulted in an unusual inflationary increase for the Village's operating budget. The General Fund operating budget for FY 2024 is $66.1 million, an increase of $2.2 million from the amended 2023 budget, and a major portion of this amount is attributable to agreed contractual increases in personnel costs.



<u>Capital Budget</u>

The Village capital budget is a prioritized plan for the acquisition and replacement of capital assets, which are resources that have an expected lifetime that extends beyond the acquisition year. The basis of the annual capital budget is drawn from the five-year

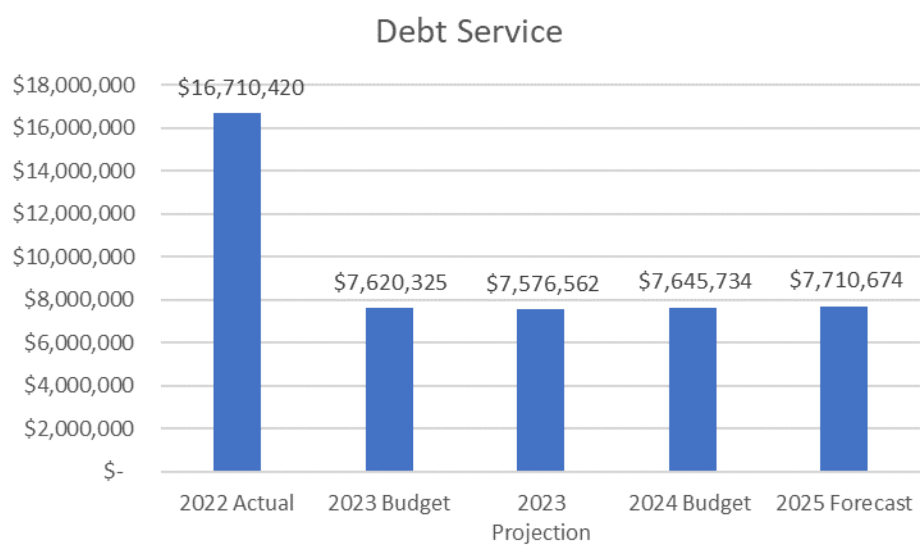
Community Investment Program (CIP). The CIP addresses capital expenditures of $25,000 or more and all proposed additions to the motor vehicle fleet and computer inventory. Funding for the capital budget comes from dedicated revenue sources such as the home rule sales tax, license fees and bond proceeds. Bond funding for capital projects is for larger projects, buildings, and infrastructure that cannot be supported on a pay-as-you-go basis.



In 2024, the total capital budget is projected to be $35.4 million, a decrease of $6.3 million or 15.0 percent from the amended 2023 CIP budget. There are several unfinished projects totaling $12.0 million, carried forward to 2023 from 2022, which have resulted in a higher-than-normal CIP budget for 2023.

<u>Debt Service Budget</u>

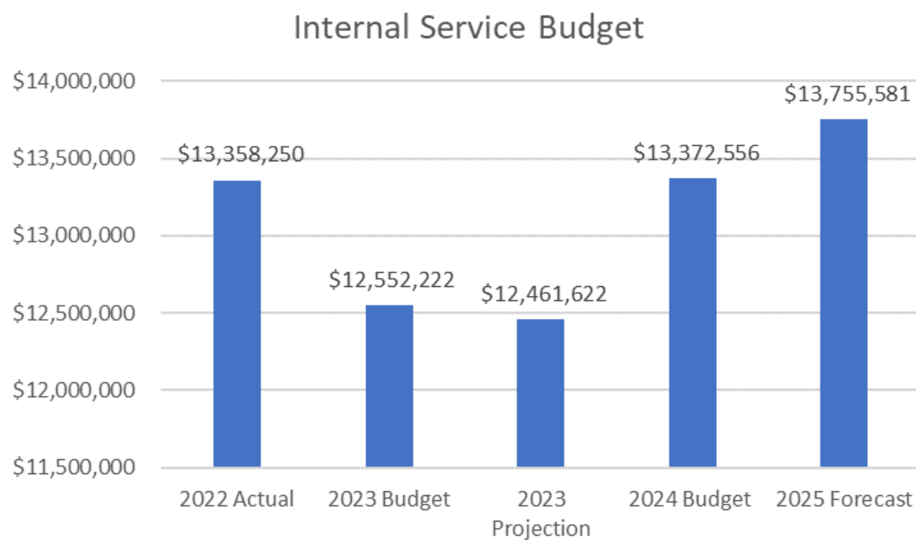
The Debt Service section of the budget contains the provision for current debt obligations of the Village. Current debt obligations include General Obligation Bonds issued for various capital projects.



The total debt service budget for 2024 is $7.6 million, $25,409 or 0.3 percent higher than the amended 2023 budget. A summary of annual debt service requirements and the annual principal requirements for all outstanding issues are included as supplemental information in the Debt Summary section of the budget document. The budget includes $3.5 million in interest expenditures and $4.1 million in principal payments.

Internal Services Budget

The Internal Services budget is used to account for the financing of goods or services provided by one department to another on a cost reimbursement basis. The Risk Management Fund and Vehicle Maintenance Fund are included in this Budget.



In 2024, the total internal service budget is projected at $13.4 million. This is an increase of $820,334, or 6.5 percent, from the amended 2023 budget. The Risk Management Fund accounted for $10.8 million of the total, while the Vehicle Maintenance Fund accounted for $2.6 million. The Risk Management Fund reflects an increase of $795,861 or 8.0 percent in the budgeted expenditure, mainly to account for the inflationary increases in the insurance related expenditures. The Village recently negotiated a contract with the Public Works union bringing all the Public Works union employees onto the Village's health insurance program. This has resulted in a higher health insurance expenditure for the year 2024 that will be offset by revenue from Public Works Union employee deductions.

Business District Fund

The Business District Fund (a Special Revenue Fund) was established to account for the revenues and expenditures associated with the one Business District within the Village, Randhurst Village. Total expenditures for the Business District Fund for 2024 are projected at $1.75 million, an increase of $328,500 or 23.0 percent. Funding to support the expenditures is generated from sales taxes above a certain threshold, hotel/motel, entertainment and food & beverage taxes and a separate business district tax for retail establishments located within the district itself. The budget is adjusted based on the recent revenues and expenditures recognized by the Village.

Special Revenue TIF District Non-Operating Expenditures

The Prospect and Main TIF District Fund accounts for the resources to acquire and construct certain improvements in the Prospect and Main Tax Increment Financing District. A total of $1.5 million in non-operating expenditures are budgeted in this Fund for 2024. This is a planned increase of $328,500 or 28.0 percent from the prior year due to redevelopment agreements in place. Non-operating expenditures for the Prospect & Main TIF District Fund include planned spending for developer incentives, corridor maintenance, other professional services, and student impact fees to be shared with School Districts 214 and 57. These expenditures are considered one-time or non-recurring items and have been segregated from the other TIF-related expenses of Capital and Debt Service.

View the 2024 Proposed Annual Budget document. It is also available in PDF on the Village's website.

Staff will provide a presentation at the meeting and will engage with the Village Board and the Finance Commission to discuss the 2024 Proposed Annual Budget.

A primary time-line of the budget process is as below:

October 10, 2023 - Joint Workshop with the Village Board and the Finance Commission
October 17, 2023 - First Reading of the Budget Ordinance, Levy Ordinance and the Levy Abatement Ordinance
October 26, 2023 - Finance Commission Meeting (Recommendation for the Levy, Budget and Abatement)
November 7, 2023 - Public Hearing on the 2024 Budget and the 2023 Levy Ordinance
November 7, 2023 - Second Reading and Approval of the Budget Ordinance, Levy Ordinance and the Levy Abatement Ordinance

Discussion

Alternatives

1. Discuss the 2024 Proposed Annual Budget.
2. Action at the discretion of the Village Board.

Staff Recommendation

Discuss the 2024 Proposed Annual Budget.

Attachments

None