

MINUTES OF THE SPECIAL JOINT MEETING OF THE MUNICIPAL SERVICES COMMITTEE AND THE FINANCE & ADMINISTRATION COMMITTEE OF THE VILLAGE OF WILLOWBROOK HELD ON MONDAY, NOVEMBER 14, 2011 AT 5:30 P.M. IN THE VILLAGE HALL, 7760 QUINCY STREET, WILLOWBROOK, ILLINOIS.

1. CALL TO ORDER

The meeting was called to order by Administrator Halik at 5:30 p.m.

2. ROLL CALL

Those present at roll call were Trustees Terry Kelly, Mike Mistele, Umberto Davi, Frank Trilla, Sue Berglund, Village Administrator Tim Halik, Interim Finance Director Carrie Dittman and Management Analyst Garrett Hummel.

3. APPROVAL OF MINUTES

Minutes of the Regular Municipal Services Committee held on Monday, October 10, 2011 were reviewed. Motion to approve made by Trustee Mistele. Trustee Berglund seconded the motion. Motion carried.

Minutes of the Regular Finance/Administration Committee held on Monday, October 10, 2011 were reviewed. Motion to approve made by Trustee Trilla. Trustee Davi seconded the motion. Motion carried.

4. DISCUSSION - SRA Proposed Tax Levy

Interim Director Dittman began by explaining that Special Recreation Tax Levy is used to fund Parks & Recreation Department activities pertaining to special recreation projects. Director Dittman explained last year's tax levy was for roughly \$68,000. This year's request is for a levy of \$68,247 which represents an increase of 0.19%. The tax impact to a home with a market value of \$300,000 remains at approximately \$14.00. The Special Recreation Tax Levy funding is used to fund the following items: Willowbrook's membership in the Gateway Special Recreation Association, expenses in assisting recreation participants requiring ADA accommodations, and improvements to our parks and playgrounds by providing better accessibility.

Administrator Halik elaborated by explaining that years ago the Village hired a consultant to check the accessibility levels of Willowbrook parks. From this report, the Village was able to develop an accessibility checklist and make repairs based on that list. Administrator Halik called the committee's attention to a schedule detailing where the Special Recreation Tax Levy funds will be spent.

5. DISCUSSION - Municipal Electric Aggregation

Administrator Halik began the discussion by explaining electric deregulation. He explains that consumers may now choose to purchase power from one source, and continue to have it delivered through the ComEd infrastructure system. Electric aggregation refers to purchasing power in bulk from a potential source other than ComEd.

Opt-out provisions effective January 1, 2010 were added to the Illinois Power Agency Act providing the statutory authority to pursue aggregation. The municipal aggregation process is a very detailed and extensive process requiring a local referendum. Provided the referendum passes, the municipality may continue developing an opt-out program. This would ultimately lead to a public bidding process whereby electric suppliers are asked to submit a bid. Nearby Oak Brook has been involved in the process for nearly one year. They have recently opened bids, and are in final negotiations with a vendor which will likely result in a two year contract at 30% lower electric supply rates. Administrator Halik further clarified this statement by saying a typical ComEd bill is comprised of approximately 30% delivery charges and 70% supply charges. Of the 70% portion, approximately 40% includes energy charges. Therefore, a 30% reduction in supply rates would apply to this 40% portion of the larger 70% portion of the ComEd bill. Chairman Mistele indicated that by his calculation, the final savings amount would only be around 10%,

There are considerations to be taken into account with the timing of entering the process now. For instance, ComEd is required to purchase power in three-year cycles to mitigate potential annual spikes in rates to consumers. However, this requirement also does not allow rate drops to quickly reach consumers. Such is the case currently, as ComEd is nearing the end of a three-year purchase cycle and new rates are predicted to be much lower. The default electric rate charged by ComEd is expected to drop in about a year. Therefore, the savings currently gained thru the aggregation process may only last about a year. An alternative may be to wait until the ComEd default rate is adjusted as a result of their next three-year purchase cycle and consider the aggregation process at that time to achieve more competitive rates. In the interim, the Village could promote an opt-in program for residents and businesses such as the Energy Savings Program (ESP) developed by the Metropolitan Mayors Caucus. The ESP will allow customers who join to save money starting on their next billing cycle. Residents and businesses are guaranteed to save 18% thru June 2012. Pricing from June 2012 thru June 2013 is also guaranteed to be less than ComEd. Given the current interest in the subject of municipal electric aggregation, the DuPage Mayors & Managers Conference (DMMC) held a symposium on the topic on October 12, 2011.

Trustee Mistele asked if one of the Village's options is to do nothing. Administrator Halik responded yes. Explaining that the DMMC argued that in 2013 when ComEd renegotiates the deal, everyone will get the same reduced rates. Trustee Trilla inquired as to the possibility of forming an intergovernmental agreement (IGA) with other organizations similar to how the Village obtains its water. Administrator Halik responded that DMMC did not embrace this idea because they did not have the staff to complete the task.

(Trustee Kelly left the meeting at 6:00 PM)

Trustee Mistele questioned whether the Village would lose money if

resident's utility tax bills went down. Administrator Halik stated he would have Director Dittman look into the effect electric aggregation might have on utility tax revenue.

Trustee Davi asked what the benefits of electric aggregation are. Administrator Halik responded the benefits are lower prices and greener energy in the long run. Trustee Davi continued by inquiring whether or not citizens could receive discounted electricity without the government's help. Administrator Halik answered that residents could participate but through the aggregate better prices could be achieved. Trustee Trilla offered that the Village promote a meeting explaining the opt-in program and the possible benefits of participating. Administrator Halik said he would have staff look into setting up such a meeting.

6. DISCUSSION - DuPage Water Commission Water Rate Increase

Administrator Halik began the discussion by explaining that the City of Chicago has raised the water rates on the DuPage Water Commission (DWC). As a result of this increase, and due to other financial factors, the DWC is proposing increases to water rates charged to charter customers. These increases will be voted on by the DWC Board on November 17, 2011 and would be effective January 1, 2012. Administrator Halik outlined the financial factors contributing to the DWC rate increase amount. Factors such as the increase levied by the City of Chicago, the elimination of a countywide quarter-cent sales tax in June 2016 (resulting in an annual decrease in \$32 million in revenue for the DWC), repayment of \$70 million borrowed as a result of the \$69 million shortfall in October 2009, continued trend of reduced water sales (down 2% per year), 5-year capital expenditures of \$16 million and maintaining a cash reserve of over 120 days. Administrator Halik continued by saying the Village of Willowbrook raised our water rate by 20% on May 1, 2010 in response to the DWC raising their rate 17%. This was the first time the Village had raised water rates in 9 years. The increment amount was intended to fund the future water tank painting project. On May 1, 2011 the DWC again raised rates 10%. At this time the Village did not raise rates.

Administrator Halik called the Committee's attention to a table outlining the "What-If" scenarios for water rate increases. Administrator Halik explained based on the projected Chicago and DWC rate increases coupled with the Village's current pumpage totals of around 385 million gallons, the Village would have to raise its water rate prices by 13.78% in order to make up the \$265,650 in additional costs. With that being said, Administrator Halik recommended the Committee consider an increase in the amount of 14.00%.

Trustee Trilla commented that he feels the Village is in a vulnerable position with regard to its dependence upon the City of Chicago and the DWC for its water. Trustee Trilla expressed concern as to whether Chicago or the DWC would raise its rates in the future and by how much. Trustee Trilla explained he was interested in ways in which the Village could become self sufficient. With that said, Trustee Trilla

asked Administrator Halik if it was possible to go back to wells and if so how much would it cost to re-drill. Administrator Halik explained it would be expensive to return to wells because the previous wells had been sealed. Administrator Halik also pointed out that Willowbrook signed a 40-year agreement with the DWC for its water. Halik stated that the agreement was signed in 1986, so we are about 25 years into it.

Trustee Mistele requested the Village staff consider a 20% increase so the Village could create a fund for future improvements to infrastructure. Administrator Halik said staff would run the numbers at 20% and present at a future meeting.

7. REPORT - Municipal Services Department

- a. Administrator Halik shared the monthly permit activity reports showing that we have taken in about \$6,895 in permit revenue for the month of October. This represents approximately 37.97% of our projected total revenue for fiscal year 2011/12.
- b. Administrator Halik shared the water system pumpage report. The report indicates that so far in the fiscal year we have pumped slightly less water this year than we have in the same time frame from last fiscal year. We have currently pumped about 46.03% of our pumpage projection five months in to the year, so we are still on-target with our FY 2011/12 pumpage projection of 375,000,000 gallons.
- c. Administrator Halik shared the September 2011 Mosquito Abatement Program Update. The report indicates that heavy rains in August made this Summer the wettest Summer in over 50 years, resulting in higher mosquito annoyance levels. These increased annoyance levels lasted until early September when the weather began getting colder. By September 16, trap counts were showing zero. Administrator Halik indicated the mosquito season was over.

8. Report - Finance & Administration - Monthly Reports - October 2011

- a. The Committee reviewed and highlighted the items below for the month of October.
 - Total cash outlay for all Village funds - \$581,568
 - Ave. daily outlay of cash for all Village funds - \$18,760
 - Ave. daily expenditures for the general fund (fiscal year to date average) \$18,904
- b. REPORT - Sales Tax, Utility Tax, Income Tax, Places of Eating Tax, Fines, Building Permits, Water Revenues, Hotel Motel Tax and Motor Fuel Tax
 - Sales tax receipts - \$1,729,393 up 5.47% from the prior year
 - Income Tax receipts - \$359,063 up 1.04% compared to the prior year

- Utility tax receipts - \$576,055 down 6.87% from the prior year
- Places of Eating Tax receipts - \$223,061 up 7.44% compared to the prior year
- Fines - \$84,607 down 16.37% compared with the prior year
- Red Light Fines - Collected \$312,445 down 16.78% compared with the prior year
- Building Permit receipts - \$54,781 down 62.46% compared with the prior year
- Water sales receipts - \$985,313 up 4.28% compared with the prior year
- Hotel/Motel Tax receipts - \$36,863 down 2.11% compared with the prior year
- Motor Fuel Tax receipts \$106,959 (exclusive of August special one-time distribution) down 7.53% compared with the prior year

9. VISITOR'S BUSINESS

There were no visitors present at the meeting.

10. ADJOURNMENT

Motion to adjourn was made by Trustee Davi. Trustee Mistele seconded the motion.

The meeting was adjourned at 6:28 p.m.

(Minutes transcribed by: Garrett Hummel)