

VILLAGE OF  
**FRANKFORT**  
EST • 1855

FINANCIAL AFFAIRS COMMITTEE MINUTES  
MAY 10, 2017

CALL TO ORDER

Chairwoman Cindy Corso Heath called the Financial Affairs Committee meeting to order at 6:15 P.M. on Wednesday, May 10, 2017, at the Village Administration Building, 432 W. Nebraska Street, Frankfort, Illinois.

ROLL CALL

Financial Affairs Committee members in attendance included Mayor Jim Holland, Chairwoman Cindy Heath, Trustees John Clavio, Bob Kennedy, Keith Ogle, Mike Stevens, Dick Trevarthan; Village Clerk Adam Borrelli, Treasurer Judy Hageman, Tazio Kubbs, Jeff Slovak, Mark Springer and Michael Troc. Also in attendance were Administrator Rob Piscia, Police Chief John Burica, Deputy Chief William Dowding, Finance Director Jenni Booth, Director of Community Development Jeff Cook, Utilities Director Tony Minette, Asst. Utilities Director Zach Brown, Public Works Superintendent Terry Kestel and Administrative Assistant Theresa Cork. Jon DePaolis of the Frankfort Station was also present.

APPROVAL OF MINUTES (March 8, 2017)

Trustee Trevarthan made a motion (#1), seconded by Member Slovak, to approve the minutes of the March 8, 2017, Financial Affairs Committee meeting, as presented. The motion was unanimously approved.

REVENUE ENHANCEMENTS – DISCUSSION & APPROVALS

Chairwoman Heath provided a few opening comments regarding the revenue enhancements on the docket for discussion. She stated that the time has come for the Village to consider new revenue sources, noting that the Village's largest source of revenue, sales tax, has flattened, as well as income tax revenue. Trustee Heath then turned the floor over to Finance Director Booth to present some revenue enhancement options for committee consideration and discussion.

Director Booth presented several spreadsheets of proposed revenue enhancements being explored to fund the ever increasing operating and capital needs of our community. She reported that as the Village continues to evaluate its short-term and long-term financial condition, various revenue enhancements and expenditure reductions are being analyzed. She further reported that while the Village is currently financially sound, the Village must look to the future and plan for upcoming expenditures as well as be aware of potential threatened revenues. She provided some examples of upcoming increased and/or new expenditures including, the IEPA loans, road

maintenance costs, police pension costs, and economic development. Following presentation, the committee discussed each proposed revenue enhancement individually.

#### ***A. Sewer Rate Increases***

Director Booth reported that in order to pay for the debt service on the Illinois Environmental Protection Agency (IEPA) loans associated with the Village's Wastewater Treatment Plant (WWTP) Consolidation Program, the Village must demonstrate a source of loan repayment. Ms. Booth stated the Village entered a loan agreement with the IEPA in the amount of \$11.5 million last year as part of Phase I of the WWTP Consolidation Program and will enter a second loan agreement in the amount of approximately \$42 million later this year for Phase 2 of the project. She proposed a sewer rate increase of \$3.18 per 1,000 gallons as one option to consider to ensure adequate funding of the utility's capital needs. She stated that based on anticipated annual loan payments of \$752,000 for Loan 1, an increase of \$.37 is needed to cover the remaining portion of the loan payment and based on anticipated annual loan payments of \$2.6 million for Loan 2, an increase of \$2.81 is needed to cover Loan 2. She further reported that this rate structure increase must be approved by the Village Board before staff can submit final documentation to the IEPA for the second loan.

Following presentation, the committee discussed the rate increase and its implementation. Following discussion, Member Slovak made a motion (#2), seconded by Trustee Kennedy to forward a recommendation to the Village Board to approve two sewer rate increases of \$1.59 per 1,000 gallons effective September 1, 2017 and September 1, 2018, respectively. The motion was unanimously approved.

#### ***B. Garbage Collection Fee***

#### ***C. Recycling Fee***

Ms. Booth also proposed a monthly garbage fee of \$13.62 and a monthly \$.03 increase in the recycling fee, passing on the Village's cost to its residents. She suggested the ordinance language reflect a garbage/recycling collection fee equal to the rate currently being charged by the Village garbage/recycling collection vendor, allowing the Village to pass any increase onto the residents. The option to have NuWay, the Village's current vendor, independently bill customers was also discussed and the committee ultimately was in consensus for the Village to collect for the services.

#### ***D. Natural Gas Tax***

#### ***E. Electricity Tax***

Ms. Booth also presented utility taxes that the Village could impose authorized by Section 8-11-2 of the Illinois Municipal Code as an option for additional revenue. She proposed a five percent utility tax on gas and the ten block method based on kilowatt hours delivered (approximately 5%) for electricity. The Village currently does not impose these municipal utility taxes. The utility tax from electric bills is projected to generate \$500,000 and \$300,000 from gas bills.

### *F. Telecommunications Tax*

Ms. Booth reported the Village currently imposes a five percent telecommunications tax and proposed increasing the telecommunications tax to six percent, which is estimated to bring in approximately \$90,000 annually.

Following discussion, Trustee Trevarthan made a motion (#3), seconded by Member Slovak, to forward a recommendation to the Village Board to adopt Ordinances enacting Garbage Collection Fee, Recycling Fee, Natural Gas Tax, Electricity Tax, and Telecommunications Tax as presented. The motion was unanimously approved.

It was also noted that the Village has one of the lowest sales tax rates in the area and an additional one percent would generate about \$2.5 million. Sales tax revenue is currently about \$6 million. The committee was in consensus to discuss a sales tax referendum further in the coming months.

### OTHER BUSINESS

None.

### PUBLIC COMMENTS

None.

### ADJOURNMENT

Hearing no further business, Trustee Trevarthan made a motion (#4), seconded by Member Slovak, to adjourn the Financial Affairs Committee meeting of May 10, 2017, at 7:52 P.M. The motion was unanimously approved.