FINANCE COMMISSION MEETING
MINUTES
SEPTEMBER 9, 2022

CALL TO ORDER:

Jeremy S. VanEk	Chair	Present
Anne Arnold Andino	Commissioner	Present
Lea Dan	Commissioner	Present
Jose DeLeon	Commissioner	Present
Christopher Goodman	Commissioner	Excused Absence
Mike Graham	Commissioner	Present
Scott R. Greeno	Commissioner	Present
Christopher Oakes	Commissioner	Excused Absence
Brian Niksa	Commissioner	Present
Camille White	Student Commissioner	Excused Absence

Also, present: Trustee Payne, Village Manager Mark Franz, Finance Director Larry Noller, Assistant Public Works Director John Hubsky, Accounts Manager Cheryl Backhuas, and Recording Secretary Haslett.

A. **Call To Order**
The regular meeting was called to order at 7:00AM. by Chair Jeremy VanEk at 535 Duane Street, in Glen Ellyn, Illinois.

B. **Public Comment (Non-Agenda Item)**
None.

C. **Approval of Minutes**
1) Minutes – August 12, 2022

MOVE TO APPROVE THE MINUTES OF THE FINANCE COMMISSION MEETING AS AMENDED FROM 8/12/2022.

RESULT	**Motion Unanimously Carried**
MOVER:	**Commissioner Graham**
SECONDER:	**Commissioner Greeno**
AYES:	**Andino, Dan, DeLeon, Graham, Greeno, Niksa, and J. VanEk**
ABSENT:	**Goodman and Oakes**

D. **Water and Sewer Rate Study**
1) Presentation of Water and Sewer Rate Study by NewGen Strategies and Solutions
Eric Callocchia from NewGen Strategies and Solutions highlighted the key items of the Water and Sewer Rate Study. Some of the guiding principles of the rate study include the water/sewer system must be financially self-sufficient, the objective is to keep rates and fees low over time, and someone must pay for operating and capital costs. The key revenue requirement forecast items included a 4% increase per year over the next five (5) years from the FY 2022 operating budget. Also, the payments to the DuPage Water Commission and Glenbard Wasterwater Authority were estimated to increase by 5% each year. It was also assumed that capital improvements would continue to be funded using cash-on-hand and without new debt. There is also estimated to be 3% decline in water consumption over the study period of FY 2022 – FY

2027. Callocchia noted 99.8% or 8,340 of the Village's water accounts reside within Glen Ellyn, while only 20 accounts represent unincorporated properties.

Callocchia recommended the reserve policy be updated so that it ties back to the operating and capital costs. This way the minimum cash reserve will increase along with the cost structure. The recommended update includes $3.2 million in reserves for FY 2022, compared to the $2.5 million goal under the current policy. The updated reserve policy includes 90 days of operating and maintenance costs and 30 days of average five (5) year planned capital costs. Assistant Public Works Director Hubsky noted the new policy reflects the Village's ability to save-up for the capital improvements. The benefits of this proposed policy include the ability to stabilize reserves because sufficient savings are on hand, the reserve level will be updated each year based upon the budget, and finally the reserves will ensure operations if a natural disaster were to occur. Chair VanEk inquired why the water reserves were at such a high level. Village Manager Franz replied because the Village has been building up funds for the downtown project. The downtown project has been delayed a couple of times. Village Manager Franz noted this is a significant project that will drain some of the reserves on hand.

The Village has not increased water or sewer rates since 2018. In order to increase revenues that will sustain the water and sewer system, NewGen recommends a 5% annual increase over the next five (5) years. The Village has a 2,000-gallon minimum monthly charge. NewGen also presented an alternative rate structure which includes a fixed fee per month based upon the water customer's meter size, regardless of usage. With the alternative rate structure, smaller users with 2,000 or less gallons per month would see a greater increase than if the Village went with the 5% across the board increase. The average users with about 4,000 gallons or less per month would experience almost the same charges as if the 5% rate increase was implemented. However, with the alternative rate structure the larger users with more than 20 gallons per month, would actually see a slight decrease in their monthly bill compared to the 5% across the board increase. Callocchia noted most communities are moving towards including a fixed fee component to their water rate structure.

Chair VanEk said today's discussion is the first review of the Water and Sewer Rate Study. At the October 14, 2022 meeting, the Finance Commission will further discuss the study and make a recommendation to the Village Board. Chair VanEk asked if there was any additional information that would be helpful towards that decision. Chair VanEk suggested the demand profile based upon the percentage breakdown of customers so we know where the volume falls. Commissioner Greeno said he would like to see the impact of the proposed water rates on the top ten (10) users before and after the rate structure changes. Chair VanEk suggested a projection showing fund balance would be helpful as well. Village Manager Franz suggested to include an extra slide showing the future capital projects for the Water and Sewer Fund.

E. **Financial Reports**

1. <u>General Fund Financial Report – July 2022</u>
   Finance Director Noller said sales and income taxes continue to show strong performance. Most departments expenses are within budget or under budget. In preparing next year's budget, it is challenging to project whether this year's gains in income and sales taxes will continue into the new year.

2. <u>Village Links/Reserve 22 Financial Reports – July 2022</u>
   Finance Director Noller said the Links had another great performing month for July. The Links had another million-dollar month for August as well, so this was a record for the Links with three (3) consecutive million-dollar revenue months.

F. **Trustee Liaison's Report**
Trustee Payne provided an update on Village Board activities.

G. **Chair Report**
Chair VanEk said Commissioner Goodman agreed to serve as Vice-Chair of the Finance Commission. Chair VanEk invited everyone to the new Commissioner Orientation, that will take place after today's meeting.

H. **Other Business**

1) <u>Economic Development Update</u>
   No report.

2) <u>New Commissioner Orientation</u>
   The new Commissioner Orientation was held after the meeting.

3) <u>Next Meeting: Friday, October 14, 2022 at 7:00AM</u>

I. **Adjournment**

1. <u>Motion to Adjourn</u>
   Commissioner Dan moved and Commissioner Andino seconded, to adjourn the meeting. The meeting was adjourned at 8:19AM.

Submitted by Aileen Haslett, Recording Secretary