

**The City of Lake Forest  
FINANCE COMMITTEE  
Proceedings of November 14, 2022 Meeting  
5:00 p. m. – Dickinson Hall**

**I. Call to Order and Roll Call**

The meeting was called to order at 5:05 p.m. by Chairman Morris. Present: Chairman Morris, Mayor Pandaleon, Aldermen Novit, Rummel, Notz, Buschmann and Weber. Absent: Aldermen Preschlack and Goshgarian. Quorum present. There were approximately 25 present in the audience.

Staff present: Jason Wicha, City Manager; Elizabeth Holleb, Finance Director; Diane Hall, Assistant Finance Director; Michael Thomas, Director of Public Works; Cathy Czerniak, Director of Community Development; Pete Siebert, Fire Chief; Karl Walldorf, Police Chief; Sally Swarthout, Director of Parks and Recreation; Jim Shaw, Director of Innovation Technology; Byron Kutz, Superintendent of Engineering and Chuck Myers, Superintendent of Parks and Recreation.

Others present: There were approximately 14 people in the audience.

Mr. Jed Morris, Finance Committee Chairman provided opening comments that discussions on athletic fields would not be included during the night's meeting.

Mr. Jason Wicha, City Manager provided an update as to the progress of design of the athletic fields. Presentations on the project would be in late January or early February. Timing of presentations to be provided to Committee members for planning.

**II. Consideration of Minutes from the Finance Committee Meeting Held on October 17, 2022**

Alderman Buschmann made a motion to approve the minutes from the Finance Committee meeting held on October 17, 2022. The motion was seconded by Alderman Weber. The motion carried unanimously by roll call vote.

**III. Revenues**

1) 2022 Property Tax Levy and Bond Abatements

Ms. Elizabeth Holleb, Finance Director provided an overview of the Truth in Taxation estimate calculation to be used to determine if a public hearing would be required for the 2022 tax levy. The rate includes tax cap of 5.0% and new construction of .42%.

The detailed tax levy includes increases to the General and IMRF levies by 3%, Police and Fire Pensions by Pension Subcommittee recommended amounts and Parks/Recreation and Library by 5%. The recommended 5% is to offset increases in compensation in previous years.

Alderman Preschlack entered the meeting at 5:17

An additional \$350k is recommended to be added to the Capital Improvements levy to phase in potential debt service if the athletic fields project moves forward. If the athletic fields project does not move forward, the funding can be used for a non-funded capital project.

The Committee discussed if the City communicates with the Library regarding the tax levy.

A portion of the Fire tax levy is excluded from the Truth in Taxation calculations. The City's new actuary calculates the actual amount resulting in a shift this year in the allocation of the Fire Pension levy.

Alderman Goshgarian entered the meeting at 5:21

New legislation provides recapturing property tax refunds. This portion of the levy is outside the Truth in Taxation calculation and is not included in the City's 2022 levy.

The increase to a resident with an \$800k home is estimated at \$140.

The Committee discussed the use of \$800k as the average value. New census data has not been released.

The distribution of the tax levy has shifted over the last ten years from debt to Capital Improvements to provide pay as you go funding. Tax abatements provide reductions in debt requirements to be funded through the tax levy. These debt payments are funded through dedicated revenue sources.

2) Proposed Changes in Fee Schedule

Ms. Diane Hall, Assistant Finance Director provided an overview of proposed fee changes, including the addition of a Contractor Change fee, elimination of animal licenses and increases to ambulance fees.

The Committee discussed the elimination of animal licenses and the increase to ambulance fees. Additional fees for sustainability can be added to the fee schedule at a later time to be effective for May 1, 2023.

3) Proposed FY24 Water Rates

Ms. Holleb provided a history of water rates and the allocation between fixed and variable rates. A five-year rolling average is used to calculate consumption. With less restrictions on watering this average has increased. The tiered rate was created as a conservation mechanism. Staff recommends increasing the fixed rate charges for FY24, maintaining current rates for tiers 1 and 2 and increasing the third tier along with the all other category. A new category is proposed for City accounts that are charged for water at a rate of 50% of the all other category. City accounts that are charged for water are revenue generating facilities. The projected changes are estimated to generate \$245k in additional revenue with an impact on residents of \$21 to \$127 per year based on usage.

The Committee discussed opportunities to sell water to other communities, rate opportunities with the meter replacement project and the type of home that would use a medium sized meter.

#### **IV. Five-Year Financial Forecasts**

- Five-Year Forecasts for Sales Tax .5%, Capital Improvements, Motor Fuel Tax, Parks and Public Land and Water Capital Funds

Ms. Holleb provided an overview of each fund.

- 1) Sales Tax .5% Fund - Sales tax .5% is to cover bond payments with a final debt payment in FY24. Excess fund balance of \$500k was transferred to the Capital Fund in FY22. The remaining fund balance after the final debt payment will be transferred to the Capital Fund.
- 2) Capital Improvement Fund – On going revenues such as Real Estate Transfer Tax, Home Rule Sales Tax and Capital Tax Levy provide funding for capital projects. On average \$4.6m is generated each year to cover projects. A promissory note was approved for the sale of City property in the Laurel/Western Ave TIF District. The first payment on the note was completed in FY22 with ongoing repayments projected. The forecast expenditures include priority one projects only.
- 3) Motor Fuel Tax Fund (MFT) – The fund records revenues shared through the state. Every three years, street resurfacing is funded through MFT. Rebuild Illinois funds are included in this fund, which require additional restrictions. Staff is recommending the use of these funds for Lake Woodbine bridge.

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- 4) Parks and Public Land Fund – Projects in this fund have been historically funded from impact fees, which have become an unreliable source. In recent years, the General Fund has provided transfers in as additional funding.
- 5) Water Capital Fund – Funded through operating transfers from the Water Fund. In FY25, debt service will be reduced in the operating fund resulting in additional funding available for capital projects.

All capital funds maintain a healthy fund balance for emergencies.

- Recommendation to close Park and Public Land Fund  
Staff is recommending the closure of the Park and Public Land Fund due to a lack of on-going revenue sources. A target would be created in the Capital Fund for these projects. Of the current fund balance, \$900k would be allocated to current priority 1 projects with the remaining fund balance of \$1.2m allocated to the Forest Park Boardwalk project (priority 5).

The Committee discussed restrictions associated with impact fees and when the fund was established.

**V. 5 Year Capital Improvement Program**

- Mr. Wicha thanked staff for the preparation of the materials for the meeting and Finance Committee members for the legacy they have created with completed projects and financial stability. Staff recognizes the impact on the residents by the many projects undertaken in FY23. An overview of the process used to generate the recommended capital projects was provided. Targets by category are utilized to ensure assets are maintained. Funds in the amount of \$1.3m are set aside to fund priority 1 non-funded (1nf) projects. Proposed five-year capital projects total \$57.1m with funding of \$11m coming from grants. FY24 projects were highlighted. Additional projects will be designed in FY24 for construction in FY25. Increased pricing is affecting project costs, with potential to delay some projects.

The Committee discussed the cost of The Ferguson Group to assist with grant research. Evaluation of ravines was reviewed to provide an update on progress made on ravine repairs. Updates were discussed on Route 60 bike path and sidewalk connection projects.

- CIP Project Presentations:
  - 1) Forest Park Bluff and Boardwalk  
Mr. Mike Thomas, Public Works Director; Chuck Myers, Superintendent of Parks and Recreation and Dave Kraft of Hey & Associates provided an update on the Forest Park Bluff and Boardwalk projects. Backgrounds for both projects were provided. The two projects have been released for bids twice and all bids have been rejected due to incompleteness of bid documents and pricing. A donor has been identified for a portion of the boardwalk project. The design of the bluff stabilization and boardwalk were reviewed by Hey and Associates. Staff is recommending funding the full bluff stabilization at a cost of \$4.95m in FY24. The cost for the boardwalk has been identified as \$2.4m. Funding from the PPL Fund, Special Recreation Fund and donor total \$1.786m, leaving \$614k funding not secured. Staff will seek additional funding through grants, donations, or reduced costs to make up the additional funding.

The Committee discussed the importance of the boardwalk and to reach out to the Forest Park Committee for possible funding opportunities. The retaining wall will mostly be hidden by vegetation and the importance of project is if any portion of the bluff fails, design will need to start from the beginning.

- 2) Ahwahnee Road Storm Sewer  
Mr. Byron Kutz, Superintendent of Engineering provided background information on the project. The goal of the project is to reduce flooding on Ahwahnee Road and reduce

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flooding at Deerpath Golf Course. The estimated cost of the project has increased from \$2.1m to \$3.8m due to additional scope of adding an extra outlet and material costs. Staff have applied for a grant through Lake County SMC for additional funding. Three options were reviewed for the additional outlet. Staff is recommending option 3 to add the outlet at Deerpath Golf Course. Cost estimates were reviewed showing funding with or without receiving the Lake County SMC grant. A portion of the funding will be provided through the America Rescue Plan Act.

The Committee discussed the effects to those downstream of the project including Deerpath Park. The pond at Deerpath Golf Course was designed by IDOT for the Rt 41 project but did not include the extra outlet.

3) Waukegan and Everett Intersection

Mr. Kutz provided background on the project. Phase I design is anticipated to be completed by January 2023. The City received notice of receiving an additional grant through CMAP. The scope of the project was reviewed including necessary timing to bid the project in January 2024. The total estimated cost of the project is \$5.8m with \$3.1 grant funding and \$2.7 City funding.

The Committee discussed land acquisition as part of the project. IDOT has contractors that will negotiate the purchase of rights-of-way and land.

- Priority 1 NF – Priority 1 FY24 Projects That Cannot Currently be Funded  
Ms. Holleb reviewed schedules included in the packet showing projects recommended for funding and the classification of identified projects without funding. Funded projects total \$57.1m while unfunded projects total \$46.5m. Athletic Field Improvements are not included in the totals.

The Committee discussed the facility assessment study that was undertaken and is now incorporated into identifying projects, Townline splash pad phase II and Police Range ventilation system.

- Opportunity for Questions re. Material Provided in Packet
  - 1) Incorporation of Sustainability in CIP
  - 2) Capital Equipment Replacement
  - 3) Grant Program Update
  - 4) October Flash Report

The Committee discussed sustainability included in projects and the receipt of \$90k toward sustainability initiatives through MC Squared Energy Services Municipal Aggregation. The City's capital equipment is maintained by City staff, allowing the ability to invest in our own equipment.

**VI. Opportunity for the Public to Address the Finance Committee**

Dennis Meulemans provided comment on the Library.

**VII. Adjournment**

There being no further business, Alderman Novit moved, seconded by Alderman Preschlack, to adjourn the meeting at 8:26 p.m. The motion carried unanimously.

Respectfully Submitted,

Diane Hall  
Assistant Finance Director