

**The City of Lake Forest
FINANCE COMMITTEE
Proceedings of November 13, 2023 Meeting
5:00 p. m. – Dickinson Hall**

I. Call to Order and Roll Call

The meeting was called to order at 5:06 p.m. by Chairman Preschlack. Present: Chairman Preschlack, Mayor Tack, Aldermen Novit, Waldeck, Notz, Powers, Goshgarian and Walther. Absent: Alderman Weber. Quorum present. There were approximately 32 present in the audience.

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

Others present: There were approximately 23 people in the audience.

II. Consideration of Minutes from the Finance Committee Meeting Held on October 16, 2023

Alderman Notz made a motion to approve the minutes from the Finance Committee meeting held on October 16, 2023. The motion was seconded by Alderman Novit. The motion carried unanimously by voice vote.

III. Revenues

1) 2023 Property Tax Levy and Bond Abatements

Ms. Elizabeth Holleb, Finance Director provided an overview of the night's agenda.

Ms. Holleb stated the estimated tax levy had been presented to the City Council at the November 6 meeting. The process of calculating the City's tax levy was reviewed, including an increase of 5.59% to the City's Equalized Assessed Valuation (EAV). New construction is estimated to add \$163,230 in additional funding. A detailed levy was reviewed showing the allocation of the levy. The new 2023 bond issue has been added to the levy. The Capital Improvements and Bond Funds are combined to determine the City's debt service capacity under a self-limiting ordinance. A summary of the 2023 tax levy was provided calculating an overall 4.35% increase. The Bond Funds increase of 49.81% will result in a Truth in Taxation Public Hearing at the December 4 City Council meeting. The estimated increase to a homeowner with an average home market value of \$800k is \$162. An allocation of property taxes by fund was reviewed. Tax abatements for the 2023 levy were reviewed to reduce the levy per the county for debt covered by alternate revenue sources. Staff recommended abating a portion of the 2023 bond issue to continue with the phase in approach for the new debt.

The Committee discussed the allocation of the levy is relatively the same with a shift from debt to capital improvements. Final figures from the County will be received in April 2024 regarding the City's final EAV and new growth. While the City's projected increase to a \$800k home is \$162, other taxing bodies will also add additional taxes. The school districts are estimating a 5% increase for operating expenses. School District 115 issued debt, which is estimating an additional \$800 on a \$800k home. When tax bills are distributed, communication needs to be used to inform the residents the increases to their tax bill are not only the City. Lake County does provide a detailed breakdown by taxing body with comparisons to the previous year on the property tax bill.

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2) Proposed Changes in Fee Schedule

Ms. Diane Hall, Assistant Finance Director provided an overview of proposed changes to the City's fee schedule. The estimated additional revenue totaled \$52k across the General Fund, Parks and Recreation Fund and Golf Fund.

The Committee discussed the elimination of satellite dish fees and that it has been ten years since there was an increase to plan review fees.

3) Water Rate Modeling Project

Ms. Holleb stated water rates will be brought to the January Finance Committee meeting for consideration. The City has partnered with Waterworth to assist with a water rate modeling project.

IV. Five Year Financial Forecasts

Ms. Holleb reviewed the City's fund structure. A majority of the City's personnel costs are included in the operating funds. The capital funds are used to invest in the City's assets.

- 1) .5% Sales Tax Fund – The initial .5% sales tax was approved to cover bond payments. The final bond payment will be made in FY24. The remaining fund balance will be transferred to the Capital Fund to close out the fund.
- 2) Capital Fund – This is the largest capital fund with ongoing revenues to support capital projects. Onetime or variable revenues are shown separately to better identify available sources of revenues. General Fund transfers are not projected in the out years due to these are generated from excess revenues over expenses at the end of the fiscal year. FY23 shows the bond proceeds and one time transfer from the General Fund to fund the Deerpath Athletic Field project. The expenses for this project are in FY24. Expenditures are for priority 1 projects only.
- 3) Motor Fuel Tax (MFT) – Revenues received are restricted by the State for IDOT approved projects. The City budgets every three years for road resurfacing to be funded through MFT funds. The City has also funded bridges through this program. The City has moved the road resurfacing project to the MFT fund in FY25 to utilize Rebuild Illinois Funds. These funds were originally identified to be used for Lake Woodbine Bridge reconstruction, which has been moved to the Capital Fund. Rebuild Illinois Funds must be expended by July 1, 2025. Ringwood Bridge has been added as a footnote for potential funding, as it is the next highest priority unfunded bridge project.

The Committee discussed based on comments during the FY24 operating budget meeting held in March 2023, to complete a special census to ensure the City is not losing funds due to potential variances in the census counts. The City is waiting to hear back from the census bureau to receive a cost estimate. The City did budget funds in FY24 for a special census.

- 4) Park and Public Land (PPL) – This fund has been used to fund improvements to City parks. Park Impact fees are deposited into this fund, but impact fees are based on developments and are difficult to predict. This fund will be closed in FY26 to the Capital Fund and park impact fees will be moved to the Capital Fund. At that time, parks will be provided a target within the Capital Fund.
- 5) Water Capital Fund – The Water and Sewer Fund is an Enterprise Fund. Water capital has been broken out to a separate fund and both funds are combined for financial reporting. The City has previously budgeted \$1.3m per year for water related capital projects. For FY25, this annual funding will increase to \$2.5m due to decreased bond payments. Proposed funding for a meter replacement project has been included to show a three-year project. The City has been increasing reserves in anticipation of this project.

V. 5 Year Capital Improvement Program

- Program overview

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Mr. Jason Wicha, City Manager stated the projects included in the packet are projects staff need input from the Committee to move forward in the budget process. He thanked staff for their preparation of the materials and continued effort throughout the year. The Capital Improvement Process was reviewed, including the use of the current score sheet. Targets by category are utilized to ensure each asset category is addressed. Available for each year is \$5.6m, which is used to reduce the need to issue debt for capital projects. The proposed five year for all capital projects is estimated at \$86.991m, with \$16.526m in grant funding. FY25 projects were highlighted, including Ahwahnee Road Storm Sewer, Lake Woodbine Bridge, McLennon Reed Bridge, Facilities and Capital Equipment. The Community Survey aligns with recommend capital projects.

The Committee discussed prioritizing projects based on need. Critical projects have been addressed such as storm water management based on resident concerns.

1) Forest Park Boardwalk

Mr. Byron Kutz, Superintendent of Engineering provided an update on the history of the project. Included in the bid for the bluff restoration, was the cost of the foundation for the boardwalk to allow time for fund raising for the project. The revised design was reviewed to include ADA compliance features and low-level lighting at night. The total project excluding the foundation is estimated at \$2m with \$620k funded by the City, a grant for \$150k and a donation of \$500k. Fund raising will need to fund an additional \$729k. It is estimated an additional \$200k has been raised for the project to date.

The Committee discussed the estimated longevity of the wood for the boardwalk is 20 – 30 years. The boardwalk and bluff stabilization were designed together to have the best possible structure for the boardwalk. The project is a high priority for the community.

Mr. Kutz reviewed the estimated schedule and provided an update on the IDNR grant to fund the decking for the boardwalk. This portion of the project has been pulled from the City Council approval on December 4 and will be brought for approval in January or February after the IDNR agreement has been signed and approved.

The Committee recommended moving forward with the project even though fund raising has not generated the full amount to cover the project at this time. Fund raising will continue to raise funds for the project.

2) Elawa Parking Lot Expansion

Mr. Kutz provided an overview of the current layout of the parking lot and issues that have been identified. The City has an intergovernmental agreement with the Lake County Forest Preserve to have 40 spaces for their use. The current design was reviewed showing the expanded parking lot and the remedies for the previously identified issues. Staff is working with the Elawa Foundation regarding parking during construction.

The Committee discussed the proposed Electric Vehicle (EV) charging station included in the design. The charging station fee is \$1.00 per hour and does not cover the cost of the station. The Environmental Sustainability Committee did not review this location. Ms. Cathy Czerniak, Community Development Director and Alderman Goshgarian have met with the Homeowners Association regarding the proposed expansion of the lot. The Committee provided feedback that the EV station should be removed from the project design and consideration should be given to increasing the charge for EV stations.

3) Deerpath Streetscape, Central Business (CBD) Infrastructure and Bank Lane Enhancements

Ms. Czerniak stated the projects will involve multiple departments. The CBD vision was reviewed. In addition, the City Council priorities for the infrastructure evaluation, bank

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lane enhancement and the need to align and coordinate to minimize disruption was reviewed.

Mr. Mike Thomas, Public Works Director stated a Request for Proposal (RFP) has been developed to evaluate the infrastructure within the CBD. The results of the RFP will be reviewed with the Public Works Committee and will be brought to the City Council on December 4. A preliminary report will be available on April 15, 2024 and the final report will be brought to City Council for approval on May 13, 2024. The report will be utilized to bring recommendations for infrastructure improvements to the CBD.

Ms. Czerniak reviewed an RFP will be issued for design for the Bank Lane enhancements project. Ideas for the project were reviewed.

Mr. Thomas stated the Deerpath Streetscape project is currently in phase II design. The project will need to be reviewed by IDOT and IDOT will bid the project out in January 2025. A new water main has been included in the project from Green Bay to Oakwood.

Ms. Czerniak reviewed the need to be coordinated in all of these projects.

Mr. Thomas reviewed the cost estimates for the project for FY25 and FY26 for a total investment of \$11.7m.

The Committee discussed the involvement of the businesses and residents in the design of the projects. The CBD and Bank Lane improvement projects would be conducted at the same time to reduce impact on the CBD. To advance the projects forward, \$60k would be required for the Bank Lane enhancement plan and \$300k would be needed for the infrastructure evaluation.

4) West Park Tennis Courts

Mr. Chuck Myers, Superintendent of Parks provided an overview of the number of tennis and pickleball courts the City currently has. With new pickleball courts at Deerpath Park, the dual striped courts will be converted to tennis only when resurfaced. With the loss of 6 tennis courts at Deerpath Park, the City remains within the State matrix of recommended number of courts. The condition at West Park was reviewed with the recommendation of a full replacement. With a replacement other corrections to the site would be completed. He reviewed that staff is recommending adding an additional court during the reconstruction and provided options for the additional court and a current memorial and flagpole that would need to be relocated on the site.

The Committee discussed the design of the project and the location of the proposed fifth tennis court. Alternate locations at Northcroft Park and Everett Park were discussed. For competition, five courts are required, and the City should consider having one facility to accommodate this requirement. The Committee recommended four tennis courts to be constructed at West Park and to review the cost of resurfacing Everett Park to remove the dual lines for tennis and pickleball and the additional cost to convert to USTA quality.

5) Walden Ravine Bed Restoration

Mr. Jim Lockfeer, Assistant Public Works Director provided an overview of the City's Ravine program, where 90% of ravines are resident owned. The ravine inventory is reviewed every three years by a City intern. Any issues identified are classified as City owned or privately owned. Walden Ravine was originally classified as a residential property. The City's attorney has confirmed that the City is responsible for this section of the ravine. Walden Ravine has been identified as the second highest ravine priority. Design services are budgeted in FY25 with construction proposed for FY26. The City will

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work with the City's attorney on parcel ownership options and will coordinate with private property owners on project expectations during the design phase of the project.

The Committee discussed if any other properties have been identified with the City having the responsibility of repairs. The City does not have direct access to the project area and will need to work with private property owners to obtain access.

6) Water Meter Replacement

Mr. Dan Martin, Superintendent of Public Works provided an overview of the City's current meter inventory. Current meter batteries are starting to fail, with an estimated 50 per month needing replacement. Strand and Associates held in-house workshops to identify suppliers of new meters. Four vendors were interviewed, and staff is recommending two of the four vendors submit full proposals. The benefits of automatic meter infrastructure technology were reviewed, including ultrasonic flow meters, 20-year warranty and the ability to identify leaks. Staff would no longer need to complete drive-by reads. Individual reads would be received daily. Funding and project timeline was reviewed with \$5m from reserves in FY25 and FY26 and a loan from the General Fund of \$3m in FY27.

The Committee discussed if all of the meters were in the same stage of failing. All meters were installed at the same time. The question was posed to see if groups of meters could be identified as needing replacement now and to spread the project over a longer period of time to prevent having to replace all of the meters at the same time going forward.

Mr. Brian Hackman of Strand and Associates provided an overview of the two different types of meters. The project would remove meters containing lead.

The Committee discussed the percentage of meters failing each year. Bids requested to include pricing to phase the project in over two, three or five years.

- Priority 1 NF - Priority 1 FY25 Projects That Cannot Currently be Funded

Ms. Holleb reviewed unfunded projects fall into three categories of priority 1 not funded, priority 2 or 3 and requires outside funding. Over the next five year, \$71m in projects are not funded. Included in FY29 is the replacement of the Recreation Center. Committee members were requested to review the project in FY25 for any areas of concern.

The Committee discussed Athletic Field Design of \$50k is for other parks using natural turf. The replacement of the Public Safety Building is not listed as a current project and would fall in years 7 or 8. The Committee asked if this type of project would be grant eligible. Staff will reach out to the Ferguson Group for assistance.

The Committee discussed no additional fees had been included on the fee schedule for the new turf fields. These fees will be on the December 4 City Council meeting and will be used to provide funding for turf replacement. November 30 has tentatively been scheduled as the opening of the Deerpath Athletic Field. A grand opening will be scheduled for the spring.

- Opportunities for Questions re. Materials Provided in Packet

- 1) Capital Asset Management Analysis Update – no discussion
- 2) Incorporation of Sustainability in the CIP – no discussion
- 3) Capital Equipment Replacement – no discussion
- 4) Tax Increment Financing (TIF) Update – no discussion

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VI. Opportunity for the Public to Address the Finance Committee

No comments were made.

VII. Adjournment

There being no further business, Alderman Novit moved, seconded by Alderman Powers, to adjourn the meeting at 8:37 p.m. The motion carried unanimously.

Respectfully Submitted,

Diane Hall
Assistant Finance Director