

**APPROVED**  
**Minutes of a Meeting of the Administration and Finance Committee**  
**Village of Northbrook**  
**Terrace Room, Village Hall**  
**Cook County, Illinois**  
**March 19, 2019**

**CALL TO ORDER**

Trustee Ciesla called the meeting to order at 6:37 p.m. in the Terrace Room. On roll call, present were Trustees Karagianis (entered 6:50pm), and Israel. A quorum was present. Also present were Village President Frum; Trustee Buehler, Trustee Collison, Trustee Han; Village Manager Richard Nahrstadt; Deputy Village Manager and Chief Financial Officer Jeff Rowitz; Deputy Chief Financial Officer Iwona Petryszak; Assistant to the Village Manager, Madeline Farrell; Fire Chief Andrew Carlson; Deputy Fire Chief Dave Schweihs; Police Chief Roger Adkins, Deputy Police Chief Dan Strickland; Deputy Police Chief Scott Dunham; Internal Services Administrator, Police Department Jason Batalden; Chief Information Officer Lori Baker; Public Works Director Kelly Hamill; Village Engineer Matt Farmer; Assistant Public Works Director Matt Morrison; Assistant to the Village Manager Erik Jensen; Director of Development & Planning Services Tom Poupard; and Debbie Ford, Village Clerk.

**HEAR FROM THE AUDIENCE**

None

***Quarterly Financial Reports***

Deputy Chief Financial Officer Iwona Petryszak reviewed estimates for fiscal year 18/19 as of March 2019:

- Revenue is estimated to be about .5% higher as compared to the original budget and expense projections are about \$440,000 higher as compared to amended budget.
- Estimated \$366,000 surplus after planned equity transfers of about \$625,000 to the police and fire pension funds and capital project fund.
- Discussed projections as compared to the amended budget by department:
  - Information services expenses are projected to be under amended budget mainly due to one vacant position and no longer needed equipment support.
  - Fire Department expenses are estimated to be under the amended budget due to vacancies and new hires being paid lower salaries.
  - Police department expenses are estimated to be above the amended budget mainly due to overtime and two budget amendments recently approved.

- Public Works expenses are projected to be under the amended budget mainly due to projects coming in under budget and Shermer Rd bike path construction is scheduled to be done next fiscal year.
- Summary by class was reviewed.
- Summary of major revenue sources:
  - Sales tax projections down by \$420,000.
  - About \$100,000 made up with out of state sales.
  - Permits estimate to be in line with budget. Last year actual included one-time larger permit fees.
  - Telecom tax had been decreasing since 2016. It has leveled off and estimated to be what was budgeted. It is anticipated it will remain flat next year.
  - Sales Tax receipts were reviewed. To date, sales tax receipts are down. Cumulative Sales Tax Receipts for the last 18 months are 3.5% below what was budgeted.
  - Comparative Overtime Report – total overtime is in line with last fiscal year.

#### Economic Indicators Review:

Tom Poupard, Director of Development and Planning Services reviewed the following:

- Market conditions:
  - Reviewed construction values from January – December. He explained the spikes in a couple of the displayed years associated with permits issued for large apartment developments with high construction values.
  - Explained total building related inspections from 2009 – present. He stated this year they are high.
  - Non-residential permits – within norm.
  - Single family residential permits – overall steady. Issued 5 so far this year.
  - Location of new sf homes – highlighting Timbers Edge and Anets Woods subdivisions.

Trustee Karagianis entered at 6:50pm

- Single Family home prices in Northbrook have been flat since 2016. This is true for the north shore communities.
- Area apartment vacancy rates are dropping.
  - Reviewed NorthShore770 vacancies.
  - Reviewed the apartment rents in general on the North Shore.
- Northbrook retail vacancy rates are pretty healthy - slight drop of 3.5% or so.

Trustee Ciesla reviewed the statistics sent to her, noting Northbrook is sitting pretty good.

- Mr. Poupard stated a lot of lower quality shopping centers nationally have vacancies of 50% or more.
- Northbrook retail rent rates are increasing slightly, which is a positive sign.
- Sanders Court continues to be the one center with a very high vacancy rate. Hopefully the construction of the proposed Culvers at the corner of Dundee and Sanders.
- Village Square has one large vacancy and they are in discussion with a store to occupy that space. The lease is not signed yet.
- Nothing has changed with the Center of the North Shore - still two restaurant spaces are vacant. Hopefully the completion of the new Finger Apartments on Skokie Boulevard will help increase restaurant demand.
- Willow Festival is strong. A few vacancies. Small spaces open.
- Trustee Collison questioned if there are any slides of the Heitman property? Mr. Poupard stated he did not include that as the center is fully occupied. He stated he has had some recent discussions with Mr. Heitman, the center owner.
- The restaurant Eataco is going in the former Jar Bar space downtown.
- The Lucky Fish property has had several inquiries, but nothing for sure.

Mr. Poupard continued his Economic Indicators review:

- Office Market is not as strong as retail and industrial. The 12% is still better than average for the area. He noted in speaking to a broker – the Oakbrook and O’Hare areas are much stronger right now.
- Vacant Office Spaces: The Walgreens space is our biggest vacancy.
- He provided a map showing other vacancies such as 4000 Commercial, 1101 Skokie etc.
- The Industrial Market is strong nationally and is strong locally.
- Vacancy trending downward.
- Largest vacancies are at: 555 Huehl, 1910 Techny, 3401 Commercial (several inquiries on a 6b for this property) use to be Sara Lee, 4065 Commercial, 2775 Shermer and 2045 Shermer(AT&T is leaving) 30,000 square feet. It will be vacant soon.
- Noted his concerns with Sanders Court Shopping Center.

Mr. Poupard stated he forgot to mention earlier that the southwest corner of Willow and Pfingsten in Glenview, a new shopping center is being proposed. Board members questioned if this was include in the Willow Road Corridor Agreement and would the Board have to vote to approve the change. Mr.

Poupard observed that more retail here could make Sander’s Court shopping center even harder to fill.

Discussion FY 2019/20 Draft Budget:

CFO and Deputy Manager Jeff Rowitz reviewed the detailed two year revenue and expense projections for general fund.

- Budget is balanced.
- Total expenses before equity transfers \$194,546 more (0.4%) than projected last year for FY 19/20.
- Operating expenses 0.4% less than projected last year for FY 19/20.
- The operating budget is 1.4% higher than amended budget. Assumes transfers of \$212,500 to the Police Pension and the same to the Fire Pension. Assumes transfer of \$160,605 to capital projects from home rule sale tax.
- Assumes permit fees and associated reduction in sale taxes for proposed redevelopment of the Macys site at Northbrook Court.
- Assumes 3% reduction in general sales taxes due to online sales.
- Also included in the Budget is a part time position for a business liaison.

Trustee Ciesla stated she feels we addressed a need but questioned whether we can attract the caliber of person we're looking for if it is only a part time position. She stated she felt a better candidate pool could be attracted if this was a full time position. Trustee Ciesla stated the Village also needs to address the way we communicate with residents. In 2019 not everyone uses Facebook. She stated only 30% of Americans get their information from Facebook. Trustee Ciesla stated she would like to address communications. The Internet and Social Media are very different now. Trustee Ciesla suggested eliminating the printed Village Newsletter. She stated we need to look at a different medium. Trustee Ciesla stated she would like to see the Board consider combining the business liaison position with someone who can manage social media in house. Maybe consider a third party consultant. Trustee Ciesla stated she would like to see these positions reflected in this budget.

Trustee Karagianis stated he thought the business liaison is a good idea, but we need a job description and we need some idea of what we expect from the position. He likes making the position full time and maybe making part of the responsibility social media. However, Trustee Karagianis pointed out a large part of the community may not be in favor of getting rid of all paper. He suggested giving people a choice.

Trustee Collison stated she liked the idea of a full time position. She suggested that staff do some research and come back to the Board with information on this position. Trustee Collison stated she would like to give residents the option of obtaining their information by paper or electronically. In regards to the Village website, it was her opinion we need to cut down on the number of clicks it takes to obtain information. Trustee Collison stated she is often told how other towns/Villages communicate to their residents, however she has learned this communication may not necessarily be transmitted through the Village. Often these communications are through a third party, such as the Chamber of Commerce. Trustee Collison stated she would like to see information blasts sent out to residents.

President Frum stated she would recommend that staff come back and frame the topics/positions. We need to inform staff what it is the Board wants.

Trustee Buehler commented there are businesses in town that provide this type of service. Communications is changing every day. This is a good reason to look at a third party company to provide this service.

Trustee Israel stated he agreed with Trustee Buehler. We want someone/something that will change with time.

Trustee Han stated last year the Board discussed the role of the Chamber. If the Village continues to fund the Chamber – maybe this is the type of communication they need to look at.

Trustee Karagianis stated the Village's relationship with the Chamber is good, but things have changed. Maybe we need to ask them to do things differently.

Trustee Ciesla asked if the Board is in favor of staff moving forward on researching and coming back to the Board with information on the two positions. All the members agreed.

Bob Caldwell from the Chamber of Commerce stated the Chamber is looking into a texting program.

Trustee Collison stated she continues to believe the Chamber should not be funded by the Village. Last year the Board requested financial documentation to address our questions and they did not provide it. It is her opinion that the Board should not automatically fund the Chamber, and moving forward they should go through the same process as the grant applicants. This is a business and she wants more information. She stated she is not saying the Board should not give the Chamber money, but she is not comfortable with the present process.

Trustee Han stated he doesn't like the spreadsheet the Chamber provided. They do provide a good service, but he has heard from younger members – it is an "Old Boys Club". Trustee Han stated he may be willing to fund the Chamber if they could provide additional information.

Trustee Collison stated in talking with local businesses, she has a problem with the Village funding \$83,000 to an organization that does not attend to all our businesses. She stated she understands the Chamber is a business, but she struggles with this.

Trustee Buehler stated he did not have a problem with status quo. He noted the Village agreed to provide the Chamber revenue through the hotel tax. If we hire someone else to do this it would be more expensive. He did not disagree that the Chamber could change with the way they operate.

Trustee Karagianis stated he feels the Chamber does a good job. However, he didn't think it is out of the question to request that they change some of the services they provide. Trustee Karagianis stated he is in favor of providing funds to the Chamber, but he has no problem asking them to change. He stated the Chamber should come back and tell us what they can do. We should give them a couple of years to achieve these changes.

Trustee Israel stated he agreed with Trustee Buehler. The Chamber provides good service to the community. Trustee Israel then addressed the “Good Old Boys” comment Trustee Han made. He stated he did not necessarily agree with that analogy. Trustee Israel stated the agreement the Village made with the Chamber and the hotel tax, has worked well and he is not ready to do away with it yet. If the Board wants to change, he would ask for a period of adjustment.

Trustee Ciesla suggested that we need to figure out a time to view the Chamber’s full budget, including salaries, and define our expectations. We should do this in another meeting where we can craft a definition of the partnership we have with the Chamber.

President Frum acknowledged she was torn, but she hears both sides. She stated she did not feel the Chamber conversation should be part of the charitable contributions discussion. The information we are requesting is good. President Frum suggested that Bob Caldwell take the information back to Tensley, and provide the Board with the requested documentation before our next meeting.

Trustee Ciesla stated they all agree they would like the 2018 numbers and the 2019 budget. We are all in agreement to set up a meeting to define the Chamber’s role, but don’t want to micromanage.

Mr. Rowitz stated at the April 9<sup>th</sup> meeting there will be a Public Hearing prior to the Board voting on the budget.

President Frum stated the Board should not wait too long to determine what the level of funding will be for the Chamber, so the Chamber can plan accordingly.

Mr. Rowitz continued the FY 2019/20 Draft Budget discussion:

- Senior Services is recommending a 5% rent increase at Crestwood Place.
- Estimated Fund Balance at 4/30/20 is equal to 48% of revenue. \$3.7 million above 40% policy.
- 2021 – Estimate 47% of revenue. \$3.3M above 40% policy.

President Frum suggested moving some of the surplus funds to the Capital Projects Fund for future capital needs. She suggested this be addressed in the fall, when we have final audited figures.

Village Manager Nahrstadt stated after the Village gets the audit numbers, we can put it on an agenda for a vote.

Trustee Han questioned the self-insurance fund. In response, Mr. Rowitz explained the Village participates in Intergovernmental Pools for health insurance and property/liability/worker’s compensation and he pointed out the benefits of the pools.

Trustee Ciesla asked for a motion to approve the budget. Trustee Israel motioned, seconded by Trustee Karagianis. On voice vote all were in favor.

Trustee Ciesla acknowledged the contributions of Trustees Karagianis and Buehler through the years.

**ADJOURN**

At 8:07 p.m., Trustee Israel moved, seconded by Trustee Karagianis to adjourn the meeting. The motion passed by a voice vote.

Respectfully submitted,

Debra J. Ford  
Village Clerk