

1 **MINUTES OF THE WORKSHOP WITH THE BOARD OF TRUSTEES AND THE**
2 **FINANCE COMMITTEE OF THE VILLAGE OF OLYMPIA FIELDS**
3 **Held on December 10, 2018**
4

5 The Workshop of the Village Board and the Finance Committee was held on Monday, December
6 10th, 2018, at the Linzey D. Jones Municipal Building and was called to order by Village
7 President Sterling M. Burke at 7:00 P.M. The assembly recited the Pledge of Allegiance. Village
8 Administrator/Deputy Village Clerk, Cynthia Saenz called the roll.
9

10 Present: Trustees – Oliver, Pennington, and Hudson
11 Village President Sterling M. Burke
12 Village Administrator/Village Deputy Clerk, Cynthia Saenz
13

14 Absent: Trustee Gibson, Trustee Matz, and Trustee Thomas.
15

16 **Also Present:**
17

18 Village Treasurer, Stan King
19 Director of Finance, Betty Zigras
20

21 **Also Present from the Finance Committee:**
22

23 Greg Foster
24 Bruce Betts
25 Ngozi Okorafor
26 Dr. Andrew Singleton
27

28 **Absent from the Finance Committee:**
29

30 Louis Lee
31 Gregory Washington
32

33 **TAX LEVY OVERVIEW:**
34

35 Mrs. Zigras provided a handout for everyone. Mrs. Zigras stated that on Page 2, we want to go
36 over the levy and what it means, and the process that we go through before it is brought to the
37 Board of Trustees to vote on. Under the Truth and Taxation Law, we can only levy up to 5% of
38 last year’s extension without going into Truth and Taxation. That means that we would have to
39 have a Public Hearing and publish it in the local newspaper. We are recommending that we levy
40 the maximum that we can without going into a Public Hearing which is 5%. It doesn’t
41 necessarily mean that we will obtain 5%. She stated that because we are not a Home Rule
42 Municipality, we fall under what is called the “Property Tax Extension Limitation Law.” That
43 means that we are only granted CPI. We will get last year’s CPI which is 2.1% from last year’s
44 extension. If there is any growth above CPI, we will be able to obtain that. That’s why we always
45 levy 5%. We will get the CPI and if there is any growth, we will be able to capture that. If we
46 ever have a large expansion that we think will be over the 5%, we will need to go into a Public

1 Hearing and ask for that. We will only get up to the increase or the growth. What we mean by
2 “growth” is new property or annexation.

3
4 Mrs. Zigras stated that on Page 3, there is further detail as far as the PTEL, “Property Tax
5 Extension Limitation Law.” It is designed to limit increases in property taxes for Non-Home
6 Rule taxing communities. Again, the maximum is 5% or CPI of the preceding year. In this case it
7 is 2.1%. PTEL does not cap individual property tax or assessments. It does limit the Taxing
8 Districts extension to the inflationary index or CPI, plus an additional amount for new
9 construction or annexation.

10
11 Village President Burke inquired if we had additional growth from economic development,
12 would that allow us to do the increase. Mrs. Zigras stated yes. Village President Burke inquired
13 if we had growth due to new houses being built that would give us that. Mrs. Zigras stated yes.
14 Village President Burke stated that if we had any kind of annexation of properties, that would as
15 well. Mrs. Zigras stated yes. Mrs. Zigras stated that it is important that we know this when we
16 are levying for the next year that if we have x amount of growth, or there was an annexation, that
17 we need to plan for it. Village President Burke inquired for this year it is what we anticipate for
18 next year. Mrs. Zigras stated no, it is what we already have. Village President Burke stated that
19 at this time next year, if we annex something and make it part of the Village, that new annexation
20 would allow us to expand our taxing commitment to include that. Mrs. Zigras stated correct. She
21 stated that we have line items for Corporate, Police Pension. Some of those line items there is no
22 cap. We know that we are not levying \$1.4 Million, whatever the Police Pension is asking for.
23 We can levy for that because there is no cap on that. On certain items we do have to prove
24 expenses. She stated IMRF, Social Security, we can’t levy more than our expenses. Village
25 President Burke stated that our expenses could go up significantly, but because of the law we
26 can’t get more than the CPI even if the expenses go up. We are capped. We either have to reduce
27 our expenses or stay within our responsibilities, or we have to grow the Village. If we grow the
28 Village you get more people that you can potentially tax.

29
30 Village Administrator Saenz stated that the levy is based on the EAV. Our expenses don’t really
31 come into play. The only portion of our expenses that affect the levy is the Police Pension.

32
33 Mrs. Zigras stated that on Page 4, she wanted to show the 2016 levy and how it fits in with the
34 2018 Fiscal Year expenses. At the last Board Meeting we had Brian LeFevre and the Pension
35 Actuary come in and give a presentation. She stated that Brian was talking about the revenue.
36 The Actuary was talking about the Police Pension expenses. In 2016, the first column shows tax
37 extension per Cook County. Cook County extended \$903,000.00 for Police Pension, and \$1.6
38 Million for Village Taxes which includes debt service. She stated that \$2.5 Million was
39 extended. The statutory minimum for 2018 for the Police Pension was \$939,000.00, but only
40 \$833,000.00 was distributed. There’s the tax levy. That’s what we request. Then there is the tax
41 extension after CPI. Then there is what is being distributed. They don’t collect everything that
42 they extend because not all tax bills are paid on a timely basis. At the end of Fiscal Year 2018,
43 the Police Pension only collected \$833,000.00. We were required to pay \$939,000.00. The
44 Village had to fund \$106,000.00 to the Pension Fund. The net property tax that the Pension Fund
45 received was \$939,000.00. The Village extended \$1.6 Million. It only received \$1.3 Million. We
46 had to reduce that by another \$106,000.00 to send to the Pension Fund. The Village only
47 received \$1.2 Million which includes debt service. What we are levying now is for 2020 Fiscal

1 Year which is really August of 2019, which is really the 2020 Fiscal Year. Village President
2 Burke inquired if there was any growth, we wouldn't get the benefit of the levy for two-years.
3 Mrs. Zigras stated that it wouldn't count towards the Fiscal Year's revenues for a year and a half.
4 She stated that we are doing the 2018 levy now. We get the money in August of 2019. Village
5 President Burke stated but it is based on what happened in 2016. Mrs. Zigras stated yes. She
6 stated that to cover growth, Permits have to be issued, and Occupancy Permits have to be issued.
7 Construction has to be completed before we can levy for that growth.

8
9 A Finance Committee Member inquired as far as the budgetary process, is there some type of
10 guesstimate that this shortfall will occur and will have to be paid from the General Fund. Is that
11 anticipated? Does it vary too much to figure it out? Mrs. Zigras stated that it varies. We budget
12 as though we are going to get 90% of our property taxes of what we levied. She budgets that we
13 are going to send the Pension Fund the Illinois minimum amount, not the Actuarial amount.

14
15 Mrs. Zigras stated that the next one is the 2017 levy year for the current Fiscal Year. The first
16 column shows what we levied. We levied \$1,020,000.00 for the Pension Fund. She stated for the
17 General Fund, these are all of the different line items that make up the levy. There is an
18 additional \$1.5 Million. All funds including debt service is \$2.6 Million. The extension, after
19 Cook County receives our levy, they change the numbers and they take into consideration PTEL
20 and a loss amount of 3%. What they extended for the Police Pension is \$1,051,000.00. Through
21 October 30th, 2018, we only received \$954,000.00 for the Pension Fund. The bills were due in
22 August. She stated that pretty much we received what we should be getting. We still have some
23 stragglers coming in for the 2017 levy year. It looks like we will be short about \$66,000.00 for
24 Fiscal Year 2019 for the Pension Fund.

25
26 Mrs. Okorafor inquired when you say "stragglers," you mean property owners paying their taxes
27 to the County and then they remit it to Olympia Fields. Mrs. Zigras stated yes. Mrs. Okorafor
28 inquired how long is that process? Mrs. Zigras stated that even recently she is getting 2015/2016
29 payments. She stated that if a house is empty and it is not being sold, we are not collecting.
30 Although, the tax bill has been sent it has been extended, we are not collecting it.

31
32 Trustee Pennington inquired what constitutes a 3% loss. Mrs. Zigras stated that it is a standard
33 number that the County comes up with. She is not sure how they came up with that. The loss is
34 added to last year's extension. You take the 2016 extension and add a 3% loss. It's less than what
35 we had levied last year. Trustee Pennington stated that it seems like an arbitrary percentage that
36 they are just adding on. Mrs. Zigras stated that they do that to everyone. Trustee Pennington
37 stated that he understands that.

38
39 Village President Burke stated that he thinks the real question here is if somebody doesn't pay
40 their taxes, he would venture to guess it is greater than 3% that aren't paying their taxes. Trustee
41 Hudson stated that 3% is normally an average of what the law says. It is not just one person.
42 Village President Burke stated that it isn't our town, it is countywide, the 3%. He ventures to
43 think that it might be greater than 3% and how do they solve for that difference. It should have
44 interest added to it. Mrs. Zigras stated that it does. Village President Burke stated that is probably
45 why it is 3% because they have added enough interest to it that it brings it up to a level that on
46 average to 3%. Mrs. Zigras stated that she can find out. Village President Burke stated that we
47 have to make up the shortfall. He stated to keep the Pension Fund solvent the way it is suppose to

1 be, we have to put out even more until that gets collected. Mrs. Zigras stated that for 2015, we
2 are 98% collected as of October 31st of 2018. Mrs. Zigras stated that for levy year 2016, we are
3 only 95% collected. Mrs. Zigras stated that for levy 2017, we are 92% collected. That is before
4 refunds too. Village President Burke stated that the Village has to put the shortfall in to be
5 collected at a later date.

6

7 Mr. King stated that if you see the different revenue sources that we have, it is going to be very
8 clear which of our functional areas cost us how much.

9

10 Mrs. Zigras stated that today she looked at all of our partials and compared it to the EAV, and
11 she could see where those PINS are not being added. The payment to Wal-Mart is totally outside
12 of all of this. The south side of the TIF, because the increment is below the frozen, the frozen
13 was \$6,000,000.00 based. The EAV is now \$2,000,000.00. There is no increment now. That
14 went back onto these tax rolls. She stated that McDonald's, Bank Financial, and the businesses
15 that are in that strip mall, if she pulls their tax reports, she can see that we had revenue come into
16 the Village from their tax payments. It didn't go into the TIF. It went to the taxing bodies, and
17 the school. Anything over \$6,000,000.00 goes into the TIF.

18

19 Village President Burke stated that daycare center was held outside the TIF. Village
20 Administrator Saenz stated that they have a tax amount due. It is similar to McDonald's. Village
21 President Burke inquired what happens if the Land Bank wipes it out. Mrs. Zigras stated that it
22 would be just like the other PINS that the Land Bank wiped out. Village Administrator Saenz
23 stated that 11% we won't see, and the other taxing bodies won't see their breakout. Mrs. Zigras
24 stated that is why our EAV went from \$6,000,000.00 to \$2,000,000.00 because those PINS came
25 out of the TIF.

26

27 Village President Burke stated that the daycare center, because they were collecting dollars for
28 rent, there is a taxable amount due. That amount due through this year is \$159,000.00 in real
29 estate taxes. That might get wiped out. There are \$159,000.00 in taxes that are due. The guy that
30 owns that property, if he was to get it back at the end of the contract, he would have to pay that
31 money. If he doesn't get it, it becomes the property of the Village and the taxes would get wiped
32 out. That affects this number because the total of taxes that would be due has been reduced
33 because somewhere down in county land, they eliminated it.

34

35 Village Administrator Saenz stated that collection that Betty sees coming through for the
36 property in the Village where payments aren't made, she won't see that in two-years because it
37 will basically be wiped out.

38

39 A Finance Committee Member inquired will it be wiped out, or is it possible it will be wiped out.
40 Village President Burke stated that if the current business who put it in the Land Bank wants to
41 buy it back, they will be due and liable for the taxes. If they lose the property and the Land Bank
42 takes it over and we wind up getting the property, there will be no taxes due. Village
43 Administrator Saenz stated because we are tax exempt. If the owner cannot sell the property and
44 he wants that property back from the Land Bank, he has to pay those taxes. The entire amount of
45 the back taxes. They are just frozen at this point.

46

1 Mrs. Zigras stated that on Page 5, the diagram shows that if we do not collect anymore taxes for
2 Fiscal Year 2017 as of October 30th, we would have a shortage of about \$200,000.00 affecting
3 the General Fund from the levy. She stated less distributed than what was extended of about
4 \$200,000.00. This would equate to a 91% collection rate.

5
6 Mrs. Zigras stated that the next slide shows that the pension levy has been increasing at a higher
7 rate than the total levy. It shows a diagram. The blue represents the total levy. The red represents
8 the pension levy. You can see that in 2018, the minimum that is required is \$1.1 Million for the
9 Pension Fund. The Pension Fund has been increasing somewhere between 13%, 8%, 10% a year.
10 The overall levy has only been increasing 1% to 2%.

11
12 A Finance Committee Member inquired that in 2013, 2014, it looks like it dropped, but what
13 happened that it markedly started going back up again. Mrs. Zigras believes that the Pension
14 Fund was only receiving what it received from Cook County and the Village was not sending
15 additional funds to make the Pension Fund complete of what was requested. Mrs. Zigras stated
16 that when we levy for taxes, the Village's portion comes to us. The police get theirs directly from
17 the County. It doesn't come to the Village. The Finance Committee Member inquired there
18 wasn't a minimal piece that had to be met with the CPI and all of that at that time. Mrs. Zigras
19 stated in 2014 and 2015 with the pension, there probably was and the Village maybe didn't meet
20 it. Village President Burke stated that if the Village didn't have the money to put in, then there
21 was no more money that got put in. The Finance Committee Member inquired how did that
22 alleviate the debt. Village President Burke stated that it doesn't. We have to come up with more
23 money at some point to catch up. Somewhere along the line, there wasn't more dollars to be put
24 in to take care of it. The Finance Committee Member stated that he understands.

25
26 Mrs. Zigras stated that the next page shows the Police Pension Levy. You can see we are around
27 44%, 45% now. That's the percentage of our levy for the Police Pension Fund. This is the 2018
28 Levy Proposal. The maximum 2018 levy under truth and taxation is 4.99%. We stay under 5% of
29 the 2017 extension. Our extension in 2017 was \$2.5 Million for capped funds which is an
30 increase of \$119,493.00. That's the number that we have to stay in and we have to allocate it to
31 the different buckets however we can. If we need to give the Police Pension Fund \$1.1 Million,
32 we have to give them \$52,000.00 of our total growth of our increase, and that leaves \$66,000.00
33 for the General Fund. That's Option A, funding the Police Pension with the statutory minimum
34 of 90% funding by 2040. Option B, the recommendation is to give the Police Pension the
35 Actuarial recommended amount of \$1.4 Million. That means we have to give them an additional
36 \$377,000.00 from last year. That money has to come from somewhere. It has to come from the
37 other line item. Village President Burke stated that we have to decrease the revenue that we have
38 to run the General Fund.

39
40 Village Administrator Saenz stated that the amount that goes to the Pension Fund, once we say,
41 "Send it to the Pension Fund," it goes directly to the Pension Fund. We won't receive it. Village
42 President Burke stated that we have to make up the difference.

43
44 Mrs. Zigras stated that if it is short because we are not getting 100% of the collection, then we
45 make up that difference too.

46

1 Mr. King stated that the analysis he was referring to with the General Fund, Corporate, IMRF,
2 Fire and all of that, this is just property tax. If you take all of the other taxes and fees that we
3 have available to everything but pension, it would have to spread across these areas to see if we
4 can make them whole and balance, and if not, it makes it real clear where we will be short. You
5 either don't have an administration, or you cut out some of your fire protection, or you don't pay
6 social security. Just looking at these operational areas, not counting public works, water and
7 sewer is more than profitable, more than sufficient. If you see the allocation of all of the other
8 revenues, sales tax, how much of it goes to cover the General Fund? That's the picture that
9 everybody needs to be really clear on.

10

11 A Finance Committee Member inquired whether or not we are under any mandate for the
12 \$377,000.00 to meet that under Option B. Mrs. Zigras stated that we are not under any mandate.
13 We are under a mandate to do Option A. If we don't, they will intercept our income tax. The
14 Finance Committee Member inquired if the Actuarial assumptions are correct, then we are
15 pushing that liability into the future. Mrs. Zigras stated correct. And what is the impact of that?
16 Our pensions are only 38% funded. We have a \$16,000,000.00 unfunded liability. The impact is
17 S&P. It would have a negative impact on us if we have a rating call. We are paying their current
18 obligations and then they have their investment income also.

19

20 Village President Burke stated that if you just keep on paying the minimum, eventually it will
21 catch up with you. If you put enough in there to start to catch up to do the fiscally responsible
22 thing, it takes money away from other things that we may want to do like roads. We may have to
23 go out and borrow it and we don't want to do that. If we don't hold expenses down, then if we
24 have to do something between Option A and Option B, that's taking money away from doing
25 other things. Village President Burke stated that we are getting hit with the ills of what happened
26 in the past. In 2014, and 2015, they didn't put the money in, and as a result now we have to pay
27 more.

28

29 Village Administrator Saenz stated that years ago, municipalities were not required to have an
30 Actuary. So, there was no one actually calculating the pension.

31

32 Mrs. Zigras stated that when we present the levy to the Board at Monday's Meeting, do we
33 present Option A or Option B. Village Administrator Saenz stated that Option A is the 90%.
34 Mrs. Zigras stated and Option B is the \$1.4 Million to the Pension Fund. Village Administrator
35 Saenz stated that Option A is what we have done historically.

36

37 Village President Burke stated that it would have been ideal to have a discussion about the
38 Capital Projects and the Budget before we have to decide on the levy. Right now, you almost
39 have to go with Option A. That is the one that gives us the most flexibility. Mr. King stated that
40 Option A gives us the most flexibility. Village Administrator Saenz stated that we can't afford
41 Option B. Village President Burke stated that everyone has to understand what the impact is
42 down the road. It is pay it now or pay it later. We've been meeting our obligations.

43

44 Trustee Hudson stated that you need to structure executive meetings in the calendar somewhere
45 and list them. It is easy to cancel them. It is not easy to add them and expect everyone to be here.
46 Mrs. Zigras stated that we will put this on the calendar for next year. She stated that Trustee
47 Thomas did reach out to us. Mrs. Zigras stated that Trustee Thomas had to unexpectedly cancel

1 today, but she will be meeting with Trustee Thomas to review this with her. She hasn't discussed
2 it with Trustee Matz.

3

4 Village Administrator Saenz stated that this is something that is done every year. It has to be
5 voted on at the Board Meeting on Monday. Last year when we had the levy presentation, a few
6 of the Trustees asked to have the workshop. That's why we wanted to have the workshop this
7 year. Mrs. Zigras stated that last year we had a workshop with the Finance Committee. Last year,
8 the Finance Committee made a recommendation and she took that to the Board. The Board
9 wanted to see the entire presentation. Mrs. Zigras stated that she thought that we would do
10 something together this year.

11

12 Mr. Foster stated that with regard to the Police Pension, other towns are in a similar situation. He
13 inquired whether or not we know what other towns are doing. Mrs. Zigras stated that she looked
14 at Flossmoor. They have a higher funding. She believes that they are only paying about
15 \$700,000.00 a year into their Pension Fund. Mrs. Zigras stated that she resides in Mokena. They
16 are 85% funded. They are paying \$400,000.00 a year because they are almost fully funded. They
17 have more officers than we have.

18

19 Trustee Oliver inquired what our Bond Rating is now. Village Administrator Saenz stated AA
20 Plus.

21

22 Village Administrator Saenz stated that if we had growth in economic development, then we can
23 come up with some type of a funding policy, which is something that we talked about for the last
24 couple of years. The issue with the funding policy is you have to commit with something in
25 writing. She stated but we need the revenue in order to do that. She stated that for us, economic
26 development is huge. Mrs. Zigras stated that Standard & Poor's and Moody, they are looking for
27 a plan.

28

29 Village Administrator Saenz stated that the Finance Committee will make a recommendation to
30 the Board. Trustee Pennington stated that he defers to his colleagues on the Finance Committee,
31 but he would opt for Option A. We do have economic development occurring in the Village,
32 with the strong possibility that it will continue in 2019. We should give that due consideration,
33 and work towards that end. At the same time, be conservative in our approach.

34

35 Mrs. Okorafor stated that she is for Option A. She stated that Option B is too drastic. It was the
36 consensus of the Finance Committee to go with Option A. Mrs. Zigras stated that she will make
37 that recommendation to the Board.

38

39 **FISCAL YEAR 2020 BUDGET PROCESS:**

40

41 Mrs. Zigras stated that the final item is the Fiscal Year 2020 Budget Process. She stated that for
42 Fiscal Year 2020 we need to make some assumptions. The first assumption is increases for non-
43 union employees. The second item is that we should note that insurance has increased by 9.8% in
44 calendar year 2018. That's an increase of \$45,600.00. She doesn't know about the four-months
45 in 2019 from January through April. She is going to assume a 5% increase. We will be having a
46 Capital Projects Workshop with the Finance Committee and the Directors. She is hoping that
47 January 10th works with everybody's calendar. It will show the Capital Projects and our plan of

1 how we can fund these projects. The Water Projects will be paid by the Water Fund. The Sewer
2 Projects by the Sewer Fund. The Street Projects by the General Fund and Capital Projects. They
3 are in different buckets and we will discuss that at the meeting, and how much money is in each
4 bucket for the projects.

5
6 Mrs. Zigras stated that the Board will be able to prioritize. We will have what the cost is for the
7 projects. She stated with the streets, it will say how many streets, how many miles of street and
8 what the cost will be. If we can't do it this year, let's set a plan of how we are going to do it in
9 the next couple of years if we don't have the capital to do it now. If we don't want to go out for
10 Bonds, then how do we set aside money into a Capital Project Fund to reserve and save for these
11 projects. She stated have a long-term plan for them.

12
13 Trustee Oliver inquired how many non-union employees do we have. Village Administrator
14 Saenz stated that she believes eight.

15
16 Mrs. Zigras stated the Finance Committee will be meeting on January 10th for the Capital
17 Projects Workshop. And then February 12th and February 13th you will be meeting with the
18 Directors.

19
20 **PUBLIC COMMENT:**

21
22 Village President Burke opened the meeting up for Public Comment at 8:25 P.M. There were no
23 members of the public present. Village President Burke closed Public Comment at 8:25 P.M.

24
25 **ADJOURNMENT:**

26
27 **Motion by Trustee Pennington, second by Trustee Hudson to adjourn at 8:26 P.M.**
28 **Voice Vote: All Ayes Motion Carried.**

29
30
31
32
33