

**MINUTES
WINNETKA VILLAGE COUNCIL
RESCHEDULED REGULAR MEETING
November 3, 2016**

(Approved: November 15, 2016)

A record of a legally convened rescheduled regular meeting of the Council of the Village of Winnetka, which was held in the Village Hall Council Chambers on Thursday, November 3, at 7:00 p.m.

- 1) Call to Order. President Greable called the meeting to order at 7:00 p.m. Present: Trustees Andrew Cripe, William Krucks, Penfield Lanphier, Scott Myers, Christopher Rintz and Kristin Ziv. Absent: None. Also present: Village Manager Robert Bahan, Assistant Village Manager Megan Pierce, Village Attorney Peter M. Friedman, Director of Water & Electric Brian Keys, Finance Director Tim Sloth, Assistant Finance Director Nick Mostardo, Police Chief Patrick Kreis, Community Development Director Mike D'Onofrio and approximately 4 persons in the audience.
- 2) Pledge of Allegiance. President Greable led the group in the Pledge of Allegiance.
- 3) Quorum.
 - a) November 10, 2016 Rescheduled Study Session. All of the Council members present indicated that they expect to attend.
 - b) November 15, 2016 Regular Meeting. All of the Council members present indicated that they expect to attend.
 - c) December 6, 2016 Regular Meeting. All of the Council members present indicated that they expect to attend.
- 4) Approval of the Agenda. Trustee Ziv, seconded by Trustee Myers, moved to approve the Agenda. By voice vote, the motion carried.
- 5) Consent Agenda
 - a) Village Council Minutes.
 - i) October 13, 2016 Rescheduled Study Session.
 - ii) October 18, 2016 Regular Meeting.
 - b) Warrant List. Approving the Warrant List dated October 14-27, 2016 in the amount of \$1,726,257.31.
 - c) Ordinance No. M-12-2016: Amending the Winnetka 2020 Comprehensive Plan to include the Downtown Master Plan (Adoption). Replacing the existing Chapter V of the Winnetka Comprehensive Plan with the Downtown Master Plan, which was adopted October 18, 2016.

- d) Ordinance No. MC-4-2016: Amending Liquor Code Regarding Renewal of Liquor Licenses (Adoption). Amending the Liquor Code to establish a deadline of December 1 for renewal submittals, and imposing a \$200.00 late fee for applications received after the deadline.

Trustee Myers, seconded by Trustee Krucks, moved to approve the foregoing items on the Consent Agenda by omnibus vote. By roll call vote, the motion carried. Ayes: Trustees Cripe, Krucks, Lanphier, Myers, Rintz and Ziv. Nays: None. Absent: None.

- 6) Stormwater Report. None.

- 7) Ordinances and Resolutions.

- a) Resolution No. R-54-2016: Approving an Agreement with Lauterbach & Amen LLP for Auditing Services (Adoption). Mr. Sloth said the Subject Resolution would extend the Village's audit contract for three years, at very competitive pricing. He noted that Lauterbach & Amen specializes in government auditing, and the Village has been very pleased with their services. He explained that there is no Code requirement to change the Village's audit firm every five years.

Trustee Ziv, seconded by Trustee Myers, moved to adopt Resolution No. R-54-2016. By roll call vote, the motion carried. Ayes: Trustees Cripe, Krucks, Lanphier, Myers, Rintz and Ziv. Nays: None. Absent: None.

- b) Resolution No. R-56-2016: Police Communications Consolidation (Adoption).

Chief Kreis reviewed key components of an agreement to consolidate 911 call center communications, and noted that the Village is expected to realize an operational savings of 30-40% of current costs. He explained the agreement was jointly developed between the four partner Villages (Winnetka, Glencoe, Kenilworth, Northfield) and Glenview.

Pat Balsamo, 1037 Cherry Street. Ms. Balsamo asked about the response time for 911 calls once the consolidation is in place.

Chief Kreis explained that the consolidation will improve the efficiency of the current model, as dispatching will take place immediately upon receipt of a 911 call.

Trustee Cripe, seconded by Trustee Krucks, moved to adopt Resolution No. R-56-2016. By roll call vote, the motion carried. Ayes: Trustees Cripe, Krucks, Lanphier, Myers, Rintz and Ziv. Nays: None. Absent: None.

- 8) Public Comment.

Ted Wynnychenko, Oak Street. Mr. Wynnychenko asked if the Council would investigate whether the Village's Engineering Guidelines of 1997 contribute to stormwater problems.

Manager Bahan explained that the Design Guidelines are updated periodically and detention for additional impervious surface from new construction is required; in addition, funds are allocated in FY 2017 for another review.

- 9) Old Business. None.

10) New Business.

- a) Electric Fund Rate Study. Mr. Keys explained that Utility Financial Solutions (UFS) has completed its review of the Electric Fund's financial and rate structure systems, and has prepared a preliminary report summarizing their analysis and recommendations. He said the UFS proposals include: (i) three different rate tracks to fund the capital plan and cash reserves; (ii) changing the current cash balance policy; and (iii) modifying the power cost adjustment methodology.

Mr. Keys introduced Daniel Kasbohm, of UFS, to present the findings and recommendations. Mr. Kasbohm reviewed the key financial factors, issues that influence cash reserves, and the target operating income to ensure an adequate return on investment. Next, he reviewed illustrations of the 2017 projection summary using each of the three rate options developed by UFS.

The Council sought clarification of the highly technical information, including a breakdown the cost of distribution vs. the cost of generation. Several Trustees also expressed dissatisfaction with the recommendation to achieve system equity by having current users fund future depreciation expenses, as issuing bonds when the time is right might be the preferred option.

Mr. Keys explained that keeping the Electric Plant for distribution purposes is still favorable from a financial and reliability standpoint; however, the Village could cease distribution operations at any time it desires to do so. He clarified that Staff needs guidance on the matter of rate increases to keep the Electric Fund solvent, and clarification on the cash fund balance amount. He noted that the expenditures proposed for the FY 2017 budget are for distribution and substation improvements, and the projects proposed in the capital plan only relate to distribution, not power generation. Finally, he stressed that tonight's discussion was about identifying a strategy to fund the Electric Plant, not to set a five-year rate plan, adding that the Council reviews rates every year at budget time.

The Council also requested an illustration of a rate track that maintains the status quo, so there will be a baseline comparison for the new rate option recommendations.

Mr. Kasbohm continued his presentation with a review of the rate class recommendations. The recommended rates were determined by how the cost of power is incurred for different customer classes, such as residential, commercial, school/government, etc. He explained that looking at load data from how each customer class uses power and how they set peak demand times is what differentiates them in the cost of providing the service. He noted that while the Village's energy charge is relatively high, the customer charge is on the lower end of the spectrum, and does not cover the cost of service.

Mr. Keys reiterated that nothing has to be changed immediately; however, simply increasing electric rates based on energy usage is not going to provide the desired fund balance. He explained that a customer charge is based on peak demand, and acts as a disincentive for energy use during peak times.

The Council discussed the concept of a monthly service charge for different classes of customers, separate from the energy cost; increasing or keeping the fund balance policy; and the proposed rate and service charge increases for 2017.

Mr. Keys said based on Council feedback, a new UFS presentation would be developed that gives the detail the Council is looking for to make informed decisions. The Council was also comfortable with keeping the current fund balance policy, and breaking out monthly services charges by class. The proposed 4% increase in the service charge for 2017 was approved, with a 2% “bandwith” to smooth the increase for customers that pay a demand charge. Mr. Keys explained this would likely result in a 3.7% demand/service charge increase for residential customers, and a higher increase for other classes, ultimately netting a 4% increase to the utility fund.

Manager Bahan noted that a follow-up discussion will be held to discuss long-term structural changes needed starting in 2018.

Mr. Wynnychenko said he was excited to see the Village moving towards a system of equity, and it is desirable to figure out the cost of service for each customer class, and he suggested implementing such a system as soon as possible; and he asked the Village to consider implementing a net metering program.

Mr. Keys explained that the wholesale cost of power is the cost of the electricity delivered to Winnetka; retail has the operations and maintenance and delivery charges added in.

- b) FY 2017 Proposed Budget Review. Manager Bahan updated the Council on outstanding issues in the proposed FY 2017 Budget. He explained that Staff found an opportunity to realize building permit fees from the One Winnetka planned development, which would effectively cancel out the proposed 0.7% increase in the property tax levy. He added that the 0% levy increase for existing residents would still allow for an increase the levy for new development 1.2%. He reviewed other questions that arose during the Budget meetings: (i) since expenditures programmed into the Budget must still be approved the Council, outstanding issues and questions about the projects would be worked out at approval time; (ii) an ongoing pension evaluation will be discussed during the next fiscal year; and (iii) an evaluation of the Refuse Fund will take place in the first quarter of 2017.

The Council was satisfied that the tax levy and budget for FY 2017 are acceptable, and should be introduced at the next Regular Council meeting.

11) Appointments. None.

12) Reports.

- a) Village President. None.
- b) Trustees. None.
- c) Attorney. None.
- d) Manager. None.

13) Closed Session. None.

- 14) Adjournment. Trustee Myers, seconded by Trustee Ziv, moved to adjourn the meeting. By voice vote, the motion carried. The meeting adjourned at 9:55 p.m.

Deputy Clerk