



WHEATON CITY COUNCIL PLANNING SESSION MINUTES

MAYOR PHILIP J. SUESS

COUNCILMAN MICHAEL BARBIER | COUNCILWOMAN ERICA BRAY-PARKER | COUNCILMAN SCOTT BROWN
COUNCILWOMAN SUZANNE FITCH | COUNCILWOMAN LYNN ROBBINS | COUNCILMAN SCOTT WELLER

WHEATON CITY HALL, COUNCIL CHAMBERS, 303 W WESLEY STREET, WHEATON, ILLINOIS 60187

Monday, May 24, 2021

1. Call to Order

The Wheaton City Council Planning Session was called to order at 7:00 p.m. by Mayor Suess. The following were:

Physically Present:

Councilman Barbier
Councilman Brown
Councilwoman Fitch
Councilwoman Robbins
Mayor Suess
Councilman Weller

Present by Video Conference:

Councilwoman Bray-Parker

City Staff Physically Present:

Michael Dzugan, City Manager
John Duguay, Assistant City Manager
Robert Lehnhardt, Director of Finance
Joseph Tebrugge, Director of Engineering
Susan Bishel, Public Information Officer
Sarang Lagvankar, Senior Project Engineer
Sonia Zala, Project Engineer
Daniel Peck, Public Relations Coordinator

2. Approval of April 26, 2021 Minutes

The Council approved the April 26, 2021 City Council Planning Session minutes.

3. Public Comment

Sue Kirby, 1204 Gamon Road, stated that she was pleased to see the City propose a new sidewalk program but was concerned with portions of the proposed program's criteria. Ms. Kirby requested the City review the proposed program to further investigate specific streets that ranked lower within the program.

Ben Milford, 1041 College Avenue, stated that he had conducted a survey in which he stated that most residents at Lakeside Drive and Crest Street were against the installation of new sidewalks. Mr. Milford stated that he had concerns about the proposed program's safety criteria factors.

Roseanne King, 109 Fairway Lane, requested that residents have some input as to where sidewalks could be specifically placed prior to installation with regards to the new proposed sidewalk program.

Sarah Tobeck, 960 Sunset Road, requested that the City give consideration to children walking to Madison Elementary School with regards to the new proposed sidewalk program.

Darren Miller, 502 Kipling Court, thanked the City for prioritizing sidewalks within its budget. He requested that the City further review prioritizing the sidewalks on Roosevelt Road with regards to the proposed

sidewalk program and inquired if the City had a contingency plan if funding is not appropriated to the City through the proposed grant funding.

Tim Cochran, 841 Sunset Road, stated that Sunset Road was ranked higher on the City's previous sidewalk program and requested that Sunset Road be considered a higher rank with regards to the new proposed sidewalk program.

Rhonda Osco, 615 W. Park Avenue, requested details on what the responsibility would be for a homeowner if a sidewalk needed to be installed where there is existing landscaping on the homeowner's property with regards to the new proposed sidewalk program.

Ellen Nick, 137 Fairway Lane, stated that she was concerned about the removal of trees with regards to the new proposed sidewalk program and inquired if there is an environmental impact study done prior to installation of a new sidewalk.

John Overby, 1318 Gamon Road, requested if an easement would be required due to the landscaping on the property. He stated he was concerned there would be property loss or a devaluation of properties if an easement was required for sidewalk installation with regards to the new proposed sidewalk program.

4. New Sidewalk Construction Criteria

City Manager Dzugan stated that City staff would be presenting a new general sidewalk construction policy and staff would be seeking Council feedback.

Assistant City Manager Duguay stated that the City advertised the discussion topic on the City's communications platforms and had specifically reached out to residents who had requested sidewalks on their streets in the past couple years.

Assistant City Manager Duguay provided an overview the City's past sidewalk program (2018-2020) that was initiated in collaboration with Wheaton School District 200 and St. Michael Grade School, and the Council had budgeted \$350,000 annually for this program over the past 3 years. He stated that the program focused on areas near grade schools and 16 of 20 segments have been completed, which is estimated to be approximately 2.36 miles of sidewalk. A priority list was created based on criteria that included distance from a grade school, street classification, gaps and connectivity for existing sidewalks, and street geometry.

Assistant City Manager Duguay stated that City staff intended to develop a prioritized plan for sidewalk installation with a goal of having a sidewalk on at least one side of each City street. The methodology for the basis of the new program criteria was based on other comparable community programs and would evaluate the priority of need for sidewalks based on a 75-point system with factors that include points for safety (maximum of 42 points), proximity (maximum of 21 points), and connectivity (maximum of 12 points). He stated that if the City continues to budget \$350,000 per year, it would take approximately 6 years to achieve the goal of installing a sidewalk on one side of each City street with the proposed plan.

Senior Project Engineer Lagvankar provided an overview of the proposed criteria for points being awarded for safety which include: street classification, arterial/collector proximity, street geometry, and separation from travel lanes.

Street classification criteria points are awarded based upon, in descending order: if a street is an arterial street, collector street, local street, or cul-de-sac. Arterial/collector proximity criteria points are awarded

based upon how close a rated street is to a high-volume street with streets closer in proximity to high-volume streets receiving more points. Geometry criteria points are awarded based upon the unique given dangers and visibility issues of a street with the following factors, in descending order: if a street is curbless with horizontal/vertical sight issues, curbless with minor curvature, curbless and straight, or curbed with a gutter system. Separation from the travel lane criteria points are awarded based upon how much space is available for a pedestrian to walk in the parkway or in the street where there is no shoulder present, or there is only a small shoulder present; streets with no shoulders present would receive the most points.

In response to Council questions, Senior Project Engineer Lagvankar stated that curbs serve as a barrier between pedestrians and vehicles, and curbless streets are given higher priority within the program because there is no barrier, making it less safe for pedestrians.

Project Engineer Zala provided an overview of the proposed criteria for points being awarded for proximity to a destination. Proximity to a destination criteria points are awarded based upon how close a proposed sidewalk is to a specific destination, with more points being awarded based on destinations that are most frequented by pedestrians. Destinations used within the criteria include shopping and commercial areas, schools, parks, and public transportation stops.

Project Engineer Zala provided an overview of the proposed criteria for points being awarded for connectivity. Connectivity criteria points are awarded based upon the length of proposed sidewalk needed to be installed where gaps could be eliminated, where incomplete sidewalk segments could be joined, or where a sidewalk could be extended to a destination. More criteria points are awarded for smaller proposed lengths of sidewalk.

Assistant City Manager Duguay stated that going forward City staff would do a final review of the proposed new program's criteria evaluation, send notifications to residents who would be receiving a sidewalk, complete engineering design work by City staff and present designs to the Council, advertise the project for bidding and present a recommendation to the Council, then begin construction with Council approval.

In response to Council questions, Director of Engineering Tebrugge stated that trees are generally planted 7 feet off the back of the curb in the right-of-way by the City's Forestry Division. Assistant City Manager Duguay stated that the City generally installs sidewalks 1-foot off residents' property lines.

In response to Council questions, Assistant City Manager Duguay stated that residents on both sides of the street will be notified when a proposed sidewalk is to be installed.

Based on Council comments, City Manager Dzugan stated that City staff could review options for expediting the sidewalk program while drafting the 2022 Capital Improvement Plan budget.

In response to Council questions, Director of Engineering Tebrugge stated that DuPage County owns the right-of-way property on Carlton Avenue.

In response to Council questions, City Manager Dzugan stated that sidewalks on Roosevelt Road are pending as the City awaits grant funding to be appropriated from the Rebuild Illinois Public Infrastructure program.

5. Analysis of Future Funding of Police and Fire Pension Liabilities - Continued Discussion

City Manager Dzugan stated that City staff was seeking direction on which funding strategy the Council

desired to pursue to develop a pension funding policy that would address the City's Police and Fire pension liabilities. The funding strategy options include: making a one-time additional contribution of \$6 million to the pension funds in 2021 using General Fund excess reserves; contributing an additional \$1.2 million annually for 5 years using General Fund excess reserves; and issuing a \$51.9 million Pension Obligation Bond to cover the entire unfunded liability. He stated that staff would further investigate appropriate pension assumption changes once a funding strategy had been decided upon by the Council.

Jason Franken of Foster and Foster provided an overview of the City's current funding strategy actuarial projections and reviewed the proposed funding strategy scenarios' actuarial assumptions and methods used in the analysis. These include: an assumed actuarial rate of growth of 6.75% on the total Unfunded Actuarial Accrued Liability; an average interest rate of 2.45% with an All-in True Interest Cost of 2.58% for the issuance of a Pension Obligation Bond; assets being marked to market value as of Jan. 1, 2021; and the assumption that contributions are to be made in the year following the actuarial evaluation.

Mr. Franken presented actuarial assumption scenarios for each of the funding strategies.

Director of Finance Lehnhardt presented a financial analysis summary for each funding strategy in comparison to the current funding strategy, which would cost the City \$95,802,877 over 20 years (2021-2040). He stated that over a 20-year period (2021-2040) the City could experience an estimated total gross savings of \$11,678,228 (\$6 million present value savings) by making a one-time additional contribution of \$6 million to the pension funds in 2021; an estimated total gross savings of \$10,925,296 (\$5,287,700 present value savings) by contributing an additional \$1.2 million annually for 5 years; and an estimated total gross savings of \$26,324,001 (\$11,065,563 present value savings) by issuing a \$51.9 million Pension Obligation Bond.

Director of Finance Lehnhardt provided an overview of how the pensions are currently funded and the current budgetary impacts. He stated that the City's property tax levy is the main funding source for the police and firefighters' pension plans. In order to maintain an overall flat tax levy for the 2021 Budget, the General Corporate portion of the levy was reduced almost entirely by the increases for the police and firefighters' pension plans. He stated that over a 5-year period (2022-2026) the City could experience an estimated budget increase of \$231,373 by maintaining the current funding strategy; an estimated budget savings of \$2,054,503 by making a one-time additional contribution of \$6 million; an estimated budget savings of \$1,186,192 by contributing an additional \$1.2 million annually for 5 years; and an estimated budget savings of \$285,752 by issuing a \$51.9 million Pension Obligation Bond.

Director of Finance Lehnhardt reviewed the benefits and risks of each funding strategy.

Director of Finance Lehnhardt stated that the benefits of maintaining the City's current funding strategy while continuing with the actuarial recommendation to achieve 100% funding by 2041 would be that there is no increase in debt burden, but there would be an increasing annual payment on the unfunded liability from \$3.7 million to \$6.5 million.

In response to Council questions, Director of Finance Lehnhardt stated that he was unsure where the additional revenue would come from to compensate for the increase in annual payments if the City maintained its current funding strategy.

Director of Finance Lehnhardt stated that the benefits of using the funding strategy of making a one-time \$6 million contribution include: no increase in debt burden; a reduction in annual payments on the

unfunded liability; an estimated total gross savings of \$11.7 million; and 5-year budget savings of \$2.1 million. He stated that the risks of using this funding strategy include depleting the City's General Fund excess reserves and the adverse market timing of a \$6 million investment.

Director of Finance Lehnhardt stated that the benefits of using the funding strategy of making additional \$1.2 million contributions annually over 5 years (\$6 million total) include: no increase in debt burden; providing the most flexibility to evaluate and review an additional contribution as part of the annual budget process; a reduction in annual payments on the unfunded liability; an estimated total gross savings of \$10.9 million; and 5-year budget savings of \$1.2 million. He stated that the risks of using this funding strategy include depleting the City's General Fund excess reserves and the adverse market timing of a series of \$1.2 million investments.

Director of Finance Lehnhardt stated that the benefits of using the funding strategy of issuing a \$51.9 million Pension Obligation Bond include generating an estimated total gross savings of \$26.3 million and 5-year budget savings of \$0.3 million. He stated that that the risks of using this funding strategy include: a \$51.9 million increase in debt burden paid over 20 years; adverse market timing of a \$51.9 million investment; the Police Officers' and Firefighters' Pension Investment Consolidation requirement for assets to be transferred to the two newly created funds by June 30, 2022; the risk that the pensions plan's investments do not meet 6.75% target return; public perception, rating agencies, and the Government Finance Officer Officers (GFOA) viewpoints on Pension Obligation Bonds.

In response to Council questions, Director of Finance Lehnhardt stated that all scenarios are using an assumed 6.75% rate of return on investments. He stated that all scenarios would be affected if investments do not meet the 6.75% target rate of return on investments.

In response to Council questions, Dalena Welkomer of Robert W. Baird & Co. stated that if the City were to issue a Pension Obligation Bond it would be included in debt ratios for rating agencies. She added that the rating agencies already count the City's unfunded liabilities as debt, which is incorporated into the City's credit rating.

The majority of the Council requested that City staff concentrate on the funding strategy of the issuance of a \$51.9 million Pension Obligation Bond to eliminate the entire unfunded liability. Other Council members preferred the option of contributing an additional \$1.2 million annually for 5 years using General Fund excess reserves.

6. City Council/City Staff Comments

There were no City Council/City Staff comments.

7. Adjournment

The meeting was adjourned at 9:20 p.m.

Respectfully submitted,

Daniel J. Peck