

MINUTES
FY 2012-13 BUDGET WORKSHOP
March 12, 2012

CALL TO ORDER

Mayor Gary Grasso called the meeting to order at 8:40 p.m.

ROLL CALL

Present: Mayor Gary Grasso and Trustees Bob Sodikoff, Al Paveza, Maureen Wott, Len Ruzak and Bob Grela

Absent: Trustee John Manieri

Also Present: Village Administrator Steve Stricker, Assistant to the Administrator Lisa Scheiner, Village Clerk Karen Thomas, Finance Director Jerry Sapp, Police Chief John Madden and Public Works Director/Village Engineer Paul May

FY 12-13 BUDGET HIGHLIGHTS

Village Administrator Steve Stricker presented the Village Board with his annual Budget Message. He stated that the total FY 12-13 Expenditure Budget for all funds, including transfers, amounted to \$16,797,345. He stated that the Expenditure Budget was \$633,645 or 3.9% more than the FY 11-12 Budget. He stated that the budget contained \$2,461,085 in Capital Projects and, in many cases, the Village is drawing down on equity from the various funds to pay for those Capital expenditures.

GENERAL FUND BUDGET

Administrator Stricker stated that he anticipated a substantial surplus in the General Fund at the end of FY 11-12 and that the General Fund has been in the black the last two fiscal years. He stated that, due to this large surplus, he has transferred additional dollars into the Equipment Replacement Fund. He stated that the FY 12-13 Budget is balanced, but that Revenue growth is still very slow. He stated that the Revenue Budget is up 2.8%, but without the new 1% Place-of-Eating Tax, the increase would be less than 1%.

CAPITAL IMPROVEMENTS FUND

Administrator Stricker highlighted all the Capital Improvements included in the FY 12-13 Budget, including the Road Program, the Village's portion of the ITEP Grant, the Madison Street traffic signal, the Village Hall Renovation, Stormwater Management projects, Sidewalk/Pathway projects and Water and Sewer projects. He stated that, with new direction from the Village Board concerning the Village Hall renovation, he would adjust the numbers accordingly. He also stated that \$205,000 was included in the Pathway Fund

for the replacement of Chasemoor Subdivision asphalt pathway. He stated that the five-year Sidewalk/Pathway Fund Budget shows that the Pathway Fund will run out of money by the end of FY 16-17. With this in mind, the Pathway Commission wanted to postpone the replacement of the Chasemoor Subdivision pathway for another year, while they review priorities for pathway maintenance. Administrator Stricker stated that he understood the Pathway Commission's need to re-prioritize the existing asphalt pathway renovation list, but that some work should be done this fiscal year. He suggested that the amount originally included in the draft budget be left in the draft budget and that the Pathway Commission be directed to take another look at the pathway maintenance schedule, but to move forward with a project this fiscal year.

Administrator Stricker highlighted all of the major Vehicle and Equipment items included in the FY 12-13 Budget and reminded the Board that over \$1,000,000 in vehicle and equipment has been deferred in the Equipment Replacement Fund, which may need to be replaced in the next few years.

PERSONNEL SERVICES

Administrator Stricker outlined Personnel Services costs, including salary increases, health insurance increases, training and travel, and new personnel, which included the replacement of one part-time clerical position, replacement of a Patrol Officer and the hiring of two part-time meter readers. In response to a question from Trustee Grela, Administrator Stricker stated that he did not place any additional dollars in the FY 12-13 Budget for Department Head national conferences. He stated that this will be the fourth year in a row that Department Heads would not attend either a state or national conference. After some discussion, the Village Board directed the Village Administrator to make a recommendation to place money in the FY 12-13 Budget to allow Department Heads to attend a national conference every other year.

OPERATING PROGRAMS

Administrator Stricker outlined new Operating programs included in this year's budget, including \$57,000 for the purchase of a new tent, as well as sound equipment for the Village's Summer Concert Series. He also indicated that an additional \$31,000 was budgeted for the Emerald Ash Borer program, \$10,000 for EAB tree removals, \$3,000 for West Nile Virus gravid traps, a \$10,000 increase in emergency brush chipping and the reinstatement of the Village Newsletter to three times per year, among other things.

REVENUES

Administrator Stricker outlined the General Fund Revenues for FY 12-13, and indicated that, for the first time in many years, the sales tax is estimated to come in higher than projected. He stated that FY 12-13 Revenue projections are very conservative, but that he was optimistic that municipal sales tax could potentially begin to move in a positive direction. He also stated that the Building Permit revenue was down and is expected to

remain down for the next few years and that the FY 12-13 Budget included \$150,000 for the first time from the Place-of-Eating Tax, as well as a transfer from the Sidewalk Fund for interest earnings in the amount of \$24,900. In light of the fact that the Pathway Fund will run out of money within the next five years, the Village Board asked the Village Administrator to develop a recommendation that would eliminate this transfer and still balance the FY 12-13 General Fund Budget.

Administrator Stricker outlined the highlights of the four Special Revenue Fund Budgets, indicating that the only Capital Expenditure in the E-9-1-1 Fund this year would be from the Pleasantview Fire Protection District in the amount of \$70,560 for a new CAD System and that the Hotel/Motel Tax Fund included an annual Marketing Program of \$250,000, which was \$11,000 less than the previous year. He also stated that the Hotel/Motel Tax Fund included a transfer to the Debt Service Fund for the principle and interest on the installment loan associated with the County Line Bridge Project. He also stated that, for the first time, a new Special Revenue Fund has been created to account for the money set aside for the Restaurant Association. \$50,000 has been earmarked for this fund in its first year.

CAPITAL PROJECTS FUND

Administrator Stricker outlined the four items in the Capital Projects Fund, including the Capital Improvements Fund, the Sidewalk Improvement Fund, the Capital Equipment Replacement Fund and the Stormwater Management Fund.

DEBT SERVICE FUND

Administrator Stricker highlighted the changes in the Debt Service Fund in FY 12-13, which included the new installment contract for the County Line Road Over I-55 Bridge Enhancement Project and the refinancing of the Police Facility Bonds, which should occur in April of 2012.

ENTERPRISE FUNDS

Administrator Stricker outlined the Village's two Enterprise Funds, indicating that the Water Fund Budget is \$519,150 or 14.8% higher than the estimated actual for FY 11-12, which is due mostly to the fact that there was a 16% increase in water rates. He also mentioned that the acceleration of the Water Meter Program and the cost of the Water Improvements Budget this year are the main reasons for this increase. He stated that the Sewer Fund remains healthy, even with the drawdown of \$104,135 in equity to pay for Capital Improvements.

REMAINING FUNDS

Administrator Stricker stated that the Information Technology Fund included \$55,000 for audio/visual upgrades to the Board Room and \$71,530 for the expansion of the Village's wireless network.

Administrator Stricker stated that the Police Pension Fund shows a \$103,298 or 18.3% decrease, which is due to the lower tax levy amount created by the changes in the actuarial calculations. He stated that the Police Pension Fund is now 71% funded.

FIVE-YEAR CAPITAL BUDGET

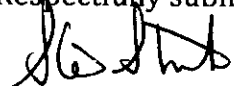
Administrator Stricker stated that the five-year Budget Outlook is stronger than it has been in many, many years and stated that his only concern was in FY 14-15 when a substantial transfer will need to be made out of the General Fund to cover the cost of the Madison Street and 79th Street round-about project. He stated that the Street Policy Committee is looking at that issue and would be making a recommendation to the Board some time next year.

The Administrator stated that Revenue projections still show abnormally low growth patterns and that he is concerned that future Revenue growth may not be sufficient to cover future increases in operating costs, let alone the funding of the annual Road Program and other Capital Projects. He stated that areas for new revenue include implementing the ¼% non-home-rule sales tax, which would generate between \$275,000-\$300,000, and the reinstatement of vehicle stickers, which would be between \$200,000-\$300,000, both of which he understood would be extremely unpopular with the residents. As an alternative, Administrator Stricker suggested that the Village Board begin to consider the possibility of a referendum question to be placed on the ballot in FY 16-17 to extend the debt amount currently paid by property owners for the Bedford Park/Lake Michigan Water Main Project, which will end at that time. He stated that approval of a referendum would not raise the property tax, but would generate an additional \$520,000 per year to help pay for the annual Road Program and other Capital Projects, including future pathway maintenance and new sidewalk projects.

After some discussion, a **motion** was made by Trustee Maureen Wott to make the changes to the Budget as discussed and direct Staff to conduct a public hearing on the FY 12-13 Budget on April 9, 2012. The motion was **seconded** by Trustee Len Ruzak and **approved** by a vote of 5-0.

There being no further business, a **motion** was made by Trustee Maureen Wott to adjourn the Budget Workshop. The motion was **seconded** by Trustee Bob Grela and **approved** by a vote of 5-0. The meeting was adjourned at 9:35 p.m.

Respectfully submitted,



Steve Stricker
Village Administrator

SS:bp