

MINUTES
FY 2014-15 BUDGET WORKSHOP
March 10, 2014

CALL TO ORDER

The meeting was called to order at 7:30 p.m. by Mayor Mickey Straub.

ROLL CALL

Present: Mayor Mickey Straub, Trustees Al Paveza, Len Ruzak, Guy Franzese, Janet Ryan Grasso and Diane Bolos

Absent: Trustee John Manieri

Also Present: Village Administrator Steve Stricker, Village Clerk Karen Thomas, Community Development Director Doug Pollock, Finance Director Jerry Sapp, Police Chief John Madden and Public Works Director Paul May

Village Administrator Steve Stricker stated that the purpose of tonight's meeting was to begin the review of the FY 14-15 Budget and that he hoped to review the Budget highlights as indicated in the Budget Message, as well as Revenues and Expenditures in the General Fund. He stated that the meeting would then be continued to Thursday, March 13, at which time the remainder of the Budget will be reviewed.

PRESENTATION OF FY 14-15 BUDGET HIGHLIGHTS

Administrator Stricker stated that the FY 14-15 Expenditures for all funds, including transfers, amounts to \$17,399,455. He stated that for the 4th year in a row, the Village anticipates a surplus in the General Fund and that he is recommending \$150,000 be transferred from the General Fund to the Capital Projects Fund at the end of the fiscal year. He stated that the General Fund Budget is balanced, however, Revenue growth is flat and Revenues are .7% less than budgeted the previous year. He stated that this trend is not sustainable and, with future year budgets all showing deficits, new sources of revenue will need to be considered.

Administrator Stricker indicated that the Budget includes \$1,980,405 in Capital Projects, which represents 11.4% of the total Budget, and outlined this year's Road Program and other Capital Improvements. He indicated that \$50,000 was also budgeted for Village Hall landscaping.

Administrator Stricker stated that \$260,000 was transferred from the Hotel/Motel Tax Fund to the Capital Projects Fund to repay the cost of engineering for the bridge

enhancement project and \$15,000 has been budgeted this year for on-site engineering. He stated that there may be as much as an additional \$40,000 that will still need to be paid in regard to this project, which would represent the Village's portion of the grant, in FY 15-16.

Administrator Stricker stated that there were \$118,000 in sidewalk projects budgeted this year, along with \$20,000 for annual maintenance. He stated that \$20,000 was included for project in the Stormwater Management Fund, \$5,000 of which is for re-grading along the east edge of Katherine Legge Memorial Park, which represents 50% of the cost that we will share with the Village of Hinsdale. He stated that the Water Fund Budget included \$120,000 for the possible water main loop to be installed at 89th and Vine, and that, in the Sewer Fund, \$30,000 was budgeted for sewer repairs on Tomlin Drive. He stated that, in the Information Technology Fund, \$71,530 was budgeted for the continuation of the installation of a wireless network.

Administrator Stricker indicated that there were three pieces of equipment that needed to be replaced in the Equipment Replacement Fund this year, in the amount of \$215,000, including a Ford F150 4 x 4 pickup truck, a Navistar 2-ton dump truck and a Bobcat tool cat. He stated that, in addition, \$56,000 has been budgeted for the replacement of two squad cars, along with \$19,340 for replacement of Police vehicle equipment.

Administrator Stricker stated that a new initiative this year in the Water Fund was to repair water main breaks in-house and listed several pieces of equipment that will be needed for this purpose. He also indicated that another initiative will be the purchase of computer tablets for Board members (\$7,000) and Department Heads (\$5,000) that will be used to replace the cost of preparing paper copies of Board meeting agenda books and other correspondence.

Administrator Stricker also outlined additional major new equipment requests over \$1,000. Trustee Grasso asked about the Taser agreement. In response, Chief John Madden explained that the maintenance contract is a five-year program whereby they will provide maintenance on the existing equipment and will provide new Tasers every five years.

Administrator Stricker stated that the FY 14-15 Budget includes a 2% COLA adjustment plus step increases for all employees. He stated that the Police union contract has not yet been finalized and that, therefore, the amount to be paid to the Police Officers is subject to change. He stated that the FY 14-15 Budget currently includes a 5% increase in health insurance, but that that increase could be reduced back to as much as 3.5% and that he would have that information for the Board by the next meeting. He stated that, currently, \$126,560 is paid by employees for their share of the cost of health insurance.

Administrator Stricker indicated that the FY 14-15 budget includes two new initiatives as it related to new personnel, both of which are in the Water Fund. The first is to hire an additional General Utility Worker I employee to begin the in-house repair of water main breaks and the second initiative is to accelerate the water meter replacement program by hiring one additional employee. In addition, there will be one promotion this year in the Public Works Department and that, although it has not yet been included in the budget, \$2,000 will be added to the budget to provide for the longevity bonus program for part-time employees and \$1,000 has been added to extend the longevity program for full-time employees recognizing service for 30, 35 and 40 years.

Administrator Stricker stated that there were two new operating programs of note this year. The first is \$20,000 for website re-design, which is found in the IT Fund, and \$3,400 for a maintenance agreement for the Police in-car computer software.

Trustee Diane Bolos directed the Administrator's attention to Section 2, page 1, that showed a breakdown of the Village-wide summary and stated that it appeared to her that the overall budget showed a deficit of \$752,760, which she felt was disconcerting. In response, Administrator Stricker stated that he would not describe this amount as a deficit, but rather as a reduction in reserves. He stated that, in the case of several funds, including the Capital Improvements Fund, Sidewalk/Pathway Fund, Equipment Replacement Fund, Stormwater Management Fund and, in some cases, the Water Fund, that money has been set aside in past years for Capital expenditures that will be spent this year. He stated that it was unrealistic to think that all expenditures would be paid by all new revenue in any given year. He stated that, if an operating budget was found to be in a deficit, then it would be of concern, but that is not the case this year in the General Fund. He indicated that there were deficits shown in the General Fund for future years and that he was concerned about that situation. Administrator Stricker explained that the reason for the deficits in future years is the fact that the Road Programs in future years will need to be paid for through a transfer from the General Fund and that is what is causing the deficit. In general, he stated that the General Fund can no longer support the Road Program and other Capital Projects and that a new revenue source is needed. He stated once again that he felt that an important new source of revenue could come from a referendum maintaining the current amount of property tax paid for the Lake Michigan Water Project and allocate those dollars to Capital Projects. He stated that that would provide an infusion of \$520,000 for Capital Projects.

In response to a question from Trustee Bolos, Administrator Stricker stated that even that additional amount would not cover all Capital expenditures, but that it would certainly be of help. He stated that he felt that the residents would not notice the decrease in their property tax, if the amount currently paid for the Water Main Project went away after FY 16-17 and felt that a case could be made to convince the voters to continue paying this tax in order to support future Road Programs. He stated the many communities, like the

Village of Hinsdale, do not cover the cost of the annual Road Program with General Fund revenues and instead wait for their roads to deteriorate and then establish a Special Service Area. He stated that the Village of Burr Ridge has never done that and would not recommend it.

Trustee Guy Franzese stated that he understood that the budget included transfers that were double counted, but would like to see a graph that shows how the transfers from one fund to another lead to a double counting. In response, Administrator Stricker and Finance Director Jerry Sapp to prepare a chart that shows the inter-fund transfers.

DISCUSSION REGARDING GENERAL FUND BUDGET

Administrator Stricker indicated once again that the FY 13-14 Budget started the year with a planned \$83,040 surplus and that it appears that the surplus will be around \$195,605. With that in mind, he is recommending a \$150,000 transfer at the end of the fiscal year.

Administrator Stricker indicated that Revenues for FY 14-15 in the amount of \$8,241,735 is actually .7% less than what was budgeted the previous year. He stated that municipal sales tax continues to be the largest single revenue source in the budget, but unfortunately sales tax figures for FY 13-14 did not meet projections, but were close. He stated that Staff breaks out the sales tax into three components – the base sales tax, the Village Center sales tax and the ¼% non-home-rule sales tax. He stated that the FY 14-15 the Budget shows the amount is a 2.2% growth in sales tax over the estimated actual and a 3% increase in sales tax for future years.

Administrator Stricker discussed the other major sources of revenue in the General Fund, including building permits, State income tax and interest income. He stated that the State income tax is always a concern due to the fact that the State constantly discusses the possibility of reducing the allocation that is given to municipalities.

Administrator Stricker stated that the Restaurant Marketing Fund Tax has exceeded expectations and that in FY 14-15, \$241,490 will be generated in the General Fund and an additional \$55,000 will be placed in the Restaurant Place-of-Eating Tax Fund.

Resident John Bitner stated that one way to increase revenue in the General Fund would be to allow video gaming. Trustee Bolos stated that the Board should look seriously at the future year budgets to determine how best to handle future year deficits.

Administrator Stricker stated that expenditures in the General Fund in the amount of \$8,175,795 is actually .5% less than the previous year's budget. He walked the Board through each of the General Fund budgets and answered questions.

The issue of salaries for the Mayor and Trustees was discussed at great length. Trustee Grasso stated that she felt that Trustees should be compensated, but would be willing to go along with a referendum to ask the voters to decide. Trustee Bolos disagreed that the Mayor and Trustees should be compensated, but agreed that a referendum would be a good idea. Trustee Franzese stated that he opposed salaries for the Mayor and Trustees, but he did not agree that a referendum was needed and that the Board was elected to make difficult decisions such as this. Trustee Ruzak stated that he agreed that the public should decide and also that the public should decide on the issue of term limits. Trustee Paveza stated that he agreed with Trustee Franzese that the Board should make the decision.

Resident John Bitner stated that he agreed that a referendum would be the appropriate approach to this issue.

Trustee Bolos stated that she thought that there would be a cost to the Village to place a referendum question on the ballot. The Administrator stated that was not the case.

After some discussion, Administrator Stricker stated that he would ask the Village Attorney for his opinion on how the referendum question could be structured for both salaries and term limits for the Mayor and the Trustees and that he would place this issue on an agenda in April for further discussion.

There being no further business, a **motion** was made by Trustee Diane Bolos to continue the Budget Workshop to Thursday, March 13, at 7:00 p.m. The motion was **seconded** by Trustee Al Paveza and **approved** by a vote of 5-0.

The meeting was so continued at 9:35 p.m.

Respectively submitted,



Steve Stricker
Village Administrator