

MINUTES
FY 2014-15 BUDGET WORKSHOP
April 23, 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, Diane Bolos and John Manieri (via phone)

Absent: None

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

BUDGET ALTERNATIVES TO REDUCE FUTURE YEAR BUDGET DEFICITS

Village Administrator Steve Stricker began the meeting by clarifying an issue that occurred at the last Board meeting regarding the vote of the Mayor. He indicated that, in the case of 3-3 tie vote, the Mayor has the ability, but not the obligation, to vote. He stated that he does not have to abstain or vote on an issue and, therefore, the vote would remain 3-3 and would not pass.

Trustee Al Paveza stated that he looked at the Administrator's report and felt that there were only three or four items that would generate big dollar savings and that he would prefer using reduction in Equipment Replacement Fund transfers, the use of the one-time IRMA revenues and the possibility of pushing back the Road Program a year as ways to reduce the future year deficits.

Administrator Stricker presented his report outlining several specific scenarios, as well as other possible ideas to reduce future year budgets.

Administrator Stricker presented Scenario #1, which was to incorporate the Verizon rental revenue into the General Fund Budget. He stated that \$37,092 in rent revenue would be received the first year and that it will increase 3% annually. He stated that these figures are not included in the Budget, due to the fact that, up until two weeks ago, Staff was not convinced that Verizon would move forward with the project. It was agreed that these new revenues should be incorporated into the Budget.

Administrator Stricker presented Scenario #2, which was to reduce the FY 16-17 Capital Projects Budget by moving the 2016 Road Program to 2017 and then moving the 2017 Program to 2018. He stated that the result of this scenario would be to reduce the General Fund deficit in FY 16-17 by \$686,100, which equates to the amount that the General Fund would need to transfer to the Capital Projects Fund to cover the cost of the Road Program. Trustee Len Ruzak stated his opposition to pushing back the Road Program.

In response to a question from Mayor Straub, Public Works Director Paul May explained how the Road Program is created and that over the years, the Road Program was reduced from \$1,000,000 to \$350,000 and now back up to over \$800,000. He stated that, in lean years during the recession, the Village relied greatly on grants to help supplement the funds available.

Trustee Guy Franzese complimented Public Works Director May on the excellent job that he does preparing the Road Program.

In response to a question from Mayor Straub regarding pushing back the 2016 Program, which included the High Grove Business Park, Public Works Director May stated that this project has already been pushed back a couple of years, due to other priorities, and that the roadway is deteriorating. Trustee Janet Ryan Grasso suggested that the Village could consider the possibility of a Special Service Area, but contribute at least a partial amount to the project. Trustee Franzese stated that he was not in agreement with deferring the 2016 Road Program and felt that it should be left in with the understanding that equity in the General Fund should be used to fund the Garfield Street reconstruction project. Trustee Paveza stated that he would be OK with leaving the Road Program in place. Trustee John Manieri stated that additional Hotel/Motel Tax money should be utilized to cover all special events, which would then free up money for the Road Program.

After considerable discussion, there was a straw vote of 4-2 (Trustees Bolos and Manieri voting No) to keep the 2016 Road Program in the FY 16-17 budget.

Administrator Stricker presented Scenario #3, which was to eliminate the Village Hall landscaping project. He indicated that \$50,000 is currently budgeted in FY 14-15 for Village Hall landscaping and that the money is currently found in the Capital Projects Fund. He stated that a decision could be made to eliminate this project and use these funds to help reduce the need to transfer General Fund money to the Capital Projects Fund in FY 15-16 and FY 16-17. The unanimous consensus of the Board was to eliminate this project from the FY 14-15 budget.

Administrator Stricker presented Scenario #4, which was to use additional Hotel/Motel Tax Funds to cover the cost of the concert series. He stated that the current annual cost of the concert series is \$23,275, of which the Hotel/Motel Tax Fund already pays \$15,000 for the program. He stated that, if the Board decides to have the Hotel/Motel Tax pay for 100% of the cost of the concert series, it could transfer an additional \$8,275 in FY 14-15 and an additional \$10,000 for a total of \$25,000 in future fiscal years, thereby helping reduce fiscal year deficits. Trustee Manieri stated that he would like to see the Board go farther in using Hotel/Motel Tax Funds. He stated that the \$250,000 marketing budget was too much and that some of these dollars could be used to fund all of the remaining special events. He also stated that the Board should consider using Hotel/Motel Tax Fund money for things such as the Communication and Public Relations Coordinator's salary. Administrator Stricker cautioned the Board that, although some communities push the envelope even farther than Burr Ridge in regard to the use of Hotel/Motel Tax Funds, once the Board starts to reduce the marketing budget, the hotels will react negatively.

Administrator Stricker stated that there are additional surpluses found in the Hotel/Motel Tax Fund future year budgets. He stated that he believed that he could use these additional funds in FY 14-15 for the majority of special events and that he would program in 100% of the special events in future years.

After considerable discussion, during which Trustee Bolos also stated her feelings that more Hotel/Motel Tax dollars should be utilized to offset special event costs, the consensus of the Board was to direct Administrator Stricker to off-load as much of the special events project budget into the Hotel/Motel Tax Fund in FY 14-15 as possible and to fully fund the special events programs using Hotel/Motel Tax Funds in the future. The Board felt that this would give the Hotel Marketing Committee fair warning that their Marketing Program may be reduced in future years.

Administrator Stricker presented Scenario #5, which was to reduce the number of wireless access points from 8 to 4. He stated that the Information Technology Fund currently shows an expenditure of \$66,520 for the purchase of 8 additional wireless access points. This scenario contemplates that the number of access points be reduced from 8 to 4, saving \$33,260 beginning in FY 14-15 and thereafter. The unanimous consensus of the Board was to reduce the required transfer needed to fund the wireless program as recommended.

Administrator Stricker presented Scenario #6, which was to eliminate the Restaurant Marketing Program. He stated that \$55,000 is currently budgeted in FY 14-15 to cover the cost of the annual Restaurant Marketing Program. He stated that these funds come from the Restaurant Place-of-Eating Tax and can be used for any purpose. He recommended that, if the Board decides to eliminate this program, they keep \$10,000 aside to maintain the website and restaurant brochure. In response, Trustee Ruzak stated that he felt restaurant marketing was extremely important and that we are just now beginning to make headway in regard to promoting Burr Ridge as a destination for restaurants and would not like to see this Marketing Program reduced. Trustee Franzese agreed and felt that it should be left the way it is. Mayor Straub reiterated the comments of Trustee Ruzak and stated that there may be some additional savings in this fund and in the Hotel/Motel Tax Fund, if a new consultant were selected. The consensus of the Board was to leave the Restaurant Marketing Program intact.

Administrator Stricker presented Scenario #7, which was to transfer all General Fund equity saved in FY 14-15 to the Capital Funds to reduce the need to transfer funds in future years. After some discussion, it was agreed that \$25,000 should be left in FY 14-15 and FY 15-16 before any funds were transferred.

Administrator Stricker presented Scenario #8, which was to pursue a referendum to continue tax levy, converting Water Bond Issue to the Road Program. He stated that, if approved, new dollars in the amount of over \$520,000 could be collected each year to help fund the annual Road Program. He stated that this would go a long way in reducing future year deficits. After some discussion, the consensus of the Board was that they were not ready to make a decision on this important matter and felt that it should not be shown in the future year budgets at this time.

Administrator Stricker presented Scenario #9, which is to eliminate salaries for elected officials, including the Mayor, Trustees and Village Clerk. He stated that the decision to eliminate salaries, if made in time prior to the next election, would save no money in FY 14-15, \$9,960 in FY 15-16 and FY 16-17, \$31,770 in FY17-18 and \$31,825 in FY 18-19. He stated, however, that if the Board decides to place this issue on the ballot in November as an advisory referendum, they would miss the 180-day deadline prior to the election and the savings would be pushed back by two years and would not begin until FY 17-18. He stated that the reason why these figures were higher than \$9,000 and \$30,000 was due to the fact that the elected officials are treated as employees and, therefore, the Village has to pay Social Security on the dollars paid to the Trustees. Trustee Grasso stated that she would be in favor of pursuing a referendum, but felt that she could not vote to take away salaries from future Trustees. After some discussion, it was agreed not to include this scenario in the Budget.

Administrator Stricker presented Scenario #10, which is to eliminate one Patrol Officer position. He stated that the elimination of one Patrol Officer position will reduce annual budgets by \$89,140 in FY 14-15, \$93,238 in FY 15-16, \$100,706 in FY 16-17, \$108,605 in FY 17-18 and \$116,934 in FY 18-19. He stated that, although he could not recommend that the Village pursue this course of action, he felt it was important for the Board to understand what the costs are associated with hiring a Patrol Officer. The consensus of the Board was to not add this reduction into the Budget.

Administrator Stricker presented Scenario #11, which is to use special service area funds to fund road improvements in commercial areas. He stated that in 2015 there would be \$599,800 and 2016 there would be \$129,500 in Road Program costs for resurfacing streets in commercial areas. He stated that future year deficits could be reduced by imposing Special Service Areas on adjoining commercial properties. He stated that there is precedent for this procedure, but commercial properties have not been required to pay for street improvements since the mid-1980s. After some discussion, it was agreed not to pursue this matter at this time, but that the Street Policy Committee could review this option further.

Administrator Stricker presented other ideas, including eliminating other special events in the amount of \$21,615; reducing Equipment Replacement Fund transfers in years where we would need additional revenue, using reserves in the General Liability insurance program in the amount of over \$400,000 and the use of General Fund equity to cover the cost of one-time projects. He also stated that the first decision the Village Board will be making at the next Board meeting for FY 14-15 would be to provide non-union employees with a salary increase. He stated that in FY 14-15, the increase would amount to \$51,103.

Other revenue sources that are available for the Board include utilizing the additional ¼% non-home-rules sales tax and reinstatement of the vehicle stickers. Administrator Stricker reminded the Board that there was \$850,000 in escrow that was provided by Opus to construct a new bridge to connect 71st Street to Wolf Road. He stated that these dollars were not restricted, but that they are earmarked for that project that may or may not occur in the future.

Trustee Bolos stated that she felt that the Board did not go far enough in reducing the General Fund Budget. Administrator Stricker agreed, but stated that the Board now better understands the flexibility that it has in reducing future fiscal year budget deficits. Trustee Franzese thanked Administrator Stricker for his proactive stance on attempting to balance the budget and suggested that this is an exercise that the Village Board should undertake on an annual basis.

ADJOURNMENT

There being no further business, a **motion** was made by Trustee Len Ruzak to adjourn the Budget Workshop. The motion was **seconded** by Trustee Guy Franzese and **approved** by a vote of 6-0.

The meeting was so continued at 9:18 p.m.

Respectively submitted,



Steve Stricker
Village Administrator