

**CITY OF OAKBROOK TERRACE
BUDGET MEETING OF THE CITY COUNCIL MINUTES
WEDNESDAY, MARCH 26, 2014**

I. CALL TO ORDER

The Mayor called the March 26, 2014, Budget Meeting of the City Council to order at 6:00P.M.

II. ROLL CALL

The following Aldermen were in attendance:

Present: Przychodni, Shadley, Thomas, Vlach, and Mayor Ragucci

Absent: Esposito

Also in attendance were City Clerk D. Greco, Interim City Administrator A. Marrero, Police Chief W. Holakovsky, Public Services Director C. Ward, and Finance Consultant Aileen Haslett.

III. PROPOSED FY 2015 BUDGET DISCUSSIONS

Marrero stated that during tonight's meeting the Capital Improvement Fund, the Police Department, the Motor Fuel Tax Fund, and the Business District will be discussed.

Capital Improvement Fund

Marrero stated that revenues are expected to increase by \$3.5 million in FY 2015 from FY 2013 actuals and this increase is due to the \$3.5 million bond issue for the new Police Station and City Hall remodel. Marrero noted the last time the City issued bonds for the Capital Improvement Fund was in FY 2009 for the new Public Services Facility in the amount of \$5 million. Marrero said without the bond issue, revenues are only going to be increasing 3.3%.

Marrero stated another option that the City may consider for partially financing the new Police Station is transferring a portion of the healthy fund balance from the General Fund. Marrero explained that transferring a portion of the fund balance from the General Fund in lieu of bonds will offer considerable savings for the City in terms of interest expenses. Marrero recommended revisiting this in a year to possibly borrow some funds from the General Fund.

Marrero stated Home Rule Sales taxes are the largest revenue for the Capital Improvement Fund at \$1.7. Marrero said Home Rule Sales taxes are flat and are estimated to be \$105,000 more than the FY 2013 actual. Marrero said a Home Rule Sales tax diversion was necessary for fiscal years 2010-2012, but thankfully no diversion has been necessary for the last three (3) years.

Marrero said the FY 2015 budget increased by \$7.5 million over the FY 2013 actual due to the new Police Station and City Hall remodel. Marrero said the new Police Station and City Hall remodel represents 92% of all expenditures, while bond expenses comprise 5%, infrastructure improvements are at 2%, and equipment is at 1%.

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Marrero discussed the major FY 2014 capital improvements including: the chipper replacement, Police Department server replacement, one (1) ton dump truck replacement, Public Services Director's vehicle replacement, additional curb and gutter, new Police Station and City Hall remodel, bond payments, and new residential street lights. Marrero said the City spent almost \$2.6 million on major capital improvements in FY 2014.

Marrero discussed the proposed FY 2015 major capital improvements including: administrative and disaster recovery server replacements (\$35,000), administrative vehicle replacement (\$19,000), additional curb and gutter (\$80,000), new Police Station and City Hall remodel (\$7.8 million), bond payments (\$390,125), and GSB-88 gilsonite street sealing project (\$103,000). Marrero said the City is estimated to spend \$8.4 million on major capital improvements in FY 2015.

The Council reviewed the capital sheets included in the five (5) year Capital Improvement Plan (CIP) for FY 2015 through FY 2019. Holakovsky said he is requesting to replace one (1) detective and one (1) marked vehicle. Holakovsky said these vehicles are part of the City's scheduled replacement program to ensure the cars are running with no problems. Marrero said these vehicles are paid from the DUI revenues. Greco asked when the old vehicles are placed into surplus, if the money goes back into the Capital Improvement Fund. Holakovsky said the old vehicles are typically traded-in, which reduces the purchase price.

Vlach asked if the City replaces police vehicles every two (2) years. Marrero replied yes for the Police fleet. Holakovsky added some vehicles have more mileage because three (3) officers are assigned to the vehicle, while others have less mileage because only two (2) officers use the vehicle. Holakovsky noted the City's replacement program cuts down on maintenance costs. Ward commented some vehicles that are only two (2) years old have over 100,000 miles. Thomas asked why the City purchases SUV's for the Police fleet. Holakovsky said the interceptors are just too small. Holakovsky added the SUV's offer more room and are safer vehicles.

Marrero discussed the Water Fund's CIP. Marrero noted no major projects are budgeted for FY 2015. Marrero said a Midwest Drennon watermain loop and a pick-up truck replacement are budgeted for FY 2016 and the Summit Avenue watermain extension for FY 2017 and FY 2018. Ward noted each year CIP line items are revisited and sometimes pushed back a year or two (2) if necessary. Vlach asked where the Summit Avenue watermain extension would be located. Ward replied from the Salvation Army to Morningside. Ward noted that private easements would be necessary for this project. Ward also stated that no one has even inquired about this project anymore. Ward said the Drennon watermain loop is a much more vital project for the Water Fund.

Marrero discussed replacing the City Hall and two (2) disaster recovery servers for \$35,000. Marrero noted the servers are hitting the five (5) year mark and technology after five (5) years becomes outdated and some interfacing problems are developing.

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Greco asked if the servers will be state of the art. Marrero replied that the Police Department server is being replaced this year and there will be sufficient memory to accommodate all the computers in the new building.

Marrero said the administrative vehicle replacement is the pooled vehicle. Marrero indicated the City will be trading-in the current administrative car along with a 2005 Ford Freestar and purchase a used vehicle not to exceed \$19,000. Ragucci said the City will likely purchase a 2013 Impala.

Ward discussed the \$80,000 request for additional curb and gutter, which will buy about 1,000 feet of new curbs. Ward does not foresee any grants for curbs and gutters. Thomas asked if there is any area where curbs could prevent flooding. Ward replied yes that he worked with the Mayor to select key locations including: Karban Road near Eisenhower and Stillwell and MacArthur. Ward noted all the locations were selected to resolve draining issues. Ragucci said the City might see some money from the lobbyist in the range of \$25,000 to \$30,000. Sarallo suggested some additional locations for curbs including Buttercup, Euclid, and Roosevelt to Sunshine.

The capital improvement items for FY 2016 through FY 2019 were briefly discussed. Marrero stated the FY 2015 fund balance is expected to be \$3.8 million which is \$4 million or 52% less than the FY 2013 actual.

Police

Marrero said the Police Department's health insurance line items have been decreased since the budget was originally distributed due to the lower renewal rates that came in. Holakovsky said the proposed budget for the Police Department is \$3.4 million, which is an increase of \$260,000 or 8.2% from the FY 2014 estimate and a 19% increase from the FY 2013 actual. Holakovsky reported that salaries and benefits comprise 86% of the total budget and increased by \$277,334 over the FY 2014 estimate due to the hiring of a new Deputy Chief, higher insurance premiums, and projected union pay increases. Holakovsky reported that FY 2015 contractual services are budgeted at \$318,687, which is on par with the FY 2014 estimate of \$318,758.

Holakovsky highlighted several of the Police Department accomplishments including: revised the Emergency Operations Plan for the City, drafted 20 new general orders for the Policy and Procedures manual update, completed a new training manual for all officers, hired two (2) new police officers, instituted the new state certified School Resource Officer, implemented the Child Safety Restraint Program of which 40 inspections have already been done, and started the new Lockbox program.

Holakovsky discussed the FY 2015 objectives. Holakovsky stated the Police Department will continue to enforce the administrative tow program which has brought in \$540,000 since it began in FY 2010. Holakovsky noted that the Police Department will continue to maintain partnerships with the DuPage County Major Crimes and the DuPage County Accident Reconstruction Team Task Forces.

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Holakovsky said the Department will continue to work with Administrative Consultants on obtaining grants for the new Police Station. Holakovsky said the Department will also continue to work with Department of Justice for reimbursement of the police vests. Holakovsky added the Department will continue to work in conjunction with IDOT on special details which resulted in a total grant of \$6,800 in FY 2014 for the Memorial Day, Thanksgiving weekend, and Christmas safety campaigns.

Holakovsky said the Police Department will continue to provide high visibility patrols throughout the City especially at the two (2) local schools. Holakovsky reported that the local ordinance for DUI enforcement is doing really well with \$119,000 in projected fines. Holakovsky reported that it takes about five (5) to six (6) months to actually receive the DUI fine proceeds.

Holakovsky distributed copies of the Community Service Officer (CSO) request for personnel to the Council. Holakovsky said the program will really help the full-time officers. Vlach said he favors the position and asked if this will decrease overtime costs. Ragucci replied probably not and Holakovsky agreed that this position will not reduce overtime costs. Holakovsky noted that this position will provide front counter desk relief, perform bank runs, and issue parking tickets. Holakovsky said he would like to keep the officers on the street and this new position will allow more time for street patrols and serious calls. Discussion ensued regarding the CSO position.

Motor Fuel Tax Fund

Marrero said snow removal labor and salt costs are budgeted in the Motor Fuel Tax Fund. Marrero said due to this year's extreme winter conditions, it is estimated that snow labor will cost around \$25,000 and salt expenditures will be \$33,000. Marrero said last year snow removal labor was about \$11,000 and the salt costs were \$22,000. Marrero said the fund balance remains consistent over the past few years because revenues and expenditures have continued to be steady.

Business District

Marrero detailed the current tenants within the Business District at the Oakbrook Terrace Square Shopping Center including: Pete's Fresh Market, Yummy Buffet, Hokkaido, Caribou, Betty's Bistro, Pearle Vision, Luxury Nails, Supercuts, and Rainbow Cow. Marrero indicated the taxes collected within the Business District are earmarked for the repayment of the 2010 and 2012 bonds. Marrero explained that these taxes include the 1% Municipal Retailers Occupation Tax, the 1% Home Rule Sales Tax, and the 1% Business District Tax. Marrero estimated total revenues of \$400,801 for 2015. Marrero expressed concern that the Business District's FY 2015 revenues of \$400,801 will not meet the bond payment of \$456,986 resulting in a deficit of \$56,185.

Marrero said in FY 2020 the Business District's fund balance will be depleted. Marrero explained this projection was based upon the assumption that no other major retailers occupy the site. However, Marrero stated the City does not anticipate this

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and is hopeful that the developer will obtain some additional retailers for the Center. Marrero added that if the Business District does encounter a problem in the future, the fund balance in the General Fund is healthy and a portion could be transferred to the Business District if necessary. Marrero noted the Business District bonds mature in 2031.

Wrap-Up

Marrero said continued discussions of personnel requests will take place at the April 8, 2014 Executive Session. Marrero also stated the public hearing and adoption of the budget is scheduled for April 22, 2014. Marrero said for the April 22, 2014 meeting, the Council will receive a packet in their agenda, showing the overall changes and final budgeted numbers. Ragucci thanked staff for their budget efforts. Ragucci also thanked the Council. Ragucci said several new businesses will open within the next year including BP Amoco, Twin Peaks, Butterfield's Restaurant, and possibly a Five Guys.

ADJOURN

The meeting was adjourned at 7:25P.M.

Submitted by,

Aileen Haslett
Recording Secretary