

**CITY OF OAKBROOK TERRACE
BUDGET MEETING OF THE CITY COUNCIL MINUTES
WEDNESDAY, MARCH 4, 2020**

I. CALL TO ORDER

Acting Mayor Esposito called the March 4, 2020, Budget Meeting of the City Council to order at 6:02P.M.

II. ROLL CALL

The following Aldermen were in attendance:

Present: Barbari, Esposito, Greco, Przychodni, Rada, and Vlach

Absent: None

Also, in attendance were City Administrator A. Marrero, Assistant to the Mayor and Administrator M. Sarallo, Public Services Director C. Ward, Finance Coordinator J. Haug, and Financial Analyst A. Haslett.

III. PROPOSED FY 2021 BUDGET DISCUSSIONS

City Administrator Marrero noted tonight's budget meeting is going to be different than in the past and said that she wanted to discuss some budget variances that could impact the City next fiscal year and in future fiscal years. Department expenditures will be discussed at the budget meeting next week. The FY 2021 budget includes revenues of \$9,665,065 and expenditures of \$9,394,194 with an expected surplus of \$270,871.

General Fund Revenues

FY 2021 revenues are expected to be about 21.7% lower than the current year estimate because traffic enforcement revenue was not included in the proposed budget. For FY 2021, sales taxes are the City's top revenue generator with \$1.9 million estimated. Hotel taxes represent the City's second largest revenue source at \$1.5 million. A food and beverage tax and a cannabis sales tax have also been included.

General Fund Expenditures

FY 2021 General Fund expenditures are estimated at \$9.3 million, reflecting a decrease of almost 15% from the current year estimate. This decrease is due to a reduction in the expenses paid to the traffic enforcement contractor. Salaries and benefits comprise 72% of the General Fund budget, while contractual services represent 26% and commodities cover 2%.

General Fund Balance

Revenues outpaced expenditures since FY 2012. In FY 2018 the City experienced a surplus of \$2.2 million and a surplus of \$2.8 in FY 2019. The estimated surplus for FY 2020 is \$1.3 million.

City Administrator Marrero noted originally departments requested \$9,604,449 and revenues were estimated at \$8,297,264, which was before any new revenues were introduced and before any cuts. Without the two (2) new revenues for food and beverage and cannabis and without any of the FY 2021 City Administrator cuts, the City would be looking at a \$1.3 million deficit. The City Administrator proposed budget includes

**CITY OF OAKBROOK TERRACE
BUDGET MEETING OF THE CITY COUNCIL MINUTES
WEDNESDAY, MARCH 4, 2020**

revenues of \$9.6 million which includes 11 months of the food and beverage tax and a cannabis sales tax at \$500,000. City Administrator Marrero made about \$210,000 in cuts to the department requests. The new two (2) new revenues and the cuts balanced the budget with an estimated surplus of \$270,871. Acting Mayor Esposito suggested the budget cuts be discussed at the next meeting when each department presents their budget.

City Administrator Marrero went on to discuss budget projections through FY 2023 without the addition of the food and beverage tax and cannabis sales tax. Without these new taxes the City would face deficits of \$1.7 million in FY 2022 and \$1.9 million in FY 2023. With the two (2) new revenues the estimated deficit for FY 2022 is \$260,862 and for FY 2023 is \$476,032. City Administrator Marrero noted this is a much better deficit and the goal is to balance the budget at all times. Acting Mayor Esposito noted this significantly closes the gap. City Administrator Marrero noted based upon these projected deficits she is recommending a 1.5% food and beverage tax rate.

Business District

City Administrator Marrero said with the early pay-off of the 2010 A & B Business District bonds in the current year, it is estimated that a portion of the 2012A & B Business District bonds can be paid-off early in FY 2023 and the remainder of the bonds can be paid-off in FY 2026. City Administrator Marrero explained that once a bond is callable it can be paid-off at any time. These bonds will be paid-off with funds generated in the Business District. Once the bonds are paid-off, the Business District can be terminated and all the taxes generated in the Business District can then be re-allocated to the General Fund.

Capital Improvement Fund

City Administrator Marrero noted the 1% home rule sales taxes are estimated at \$1.7 million and are earmarked for capital improvements. Infrastructure improvements comprise about 61% of the FY 2021 budget. The bond cost is for the Public Services building. The requested equipment and services will be discussed tonight. The FY 2021 Capital Improvement Fund budget includes DUI receipts of \$30,000 because police vehicles will now be purchased from the Capital Improvement Fund rather than the General Fund. The City expects to receive two (2) grants totaling \$680,000 for the streambank stabilization project. Since FY 2012, all the major capital items have been paid with cash. The City projects a year-end fund balance of \$3.9 million in FY 2021 and \$8 million in FY 2025. City Administrator Marrero said her ideal goal is to keep paying cash for items and keep the home rule sales taxes earmarked for the Capital Improvement Fund.

Capital Improvement Plan

City Administrator Marrero referenced the CIP plan included in the budget books and explained the Capital Improvement Plan is a five (5) year capital projection. This plan details what is needed in the next five (5) years.

Public Services Director Ward went on to highlight some of the Water Fund's capital needs over the next five (5) years.

1. In FY 2021 – the City will **disconnect the Choice Hotel's former water main** from the Village of Oak Brook's water system. This project is estimated to cost \$33,000 and

**CITY OF OAKBROOK TERRACE
BUDGET MEETING OF THE CITY COUNCIL MINUTES
WEDNESDAY, MARCH 4, 2020**

is a little more involved because the of the physical disconnect that must take place beneath Midwest Road and DuPage County permits must be obtained and some of the work must be completed at night.

2. In FY 2022 – **replace the 20-year old SCADA** water monitoring system which is obsolete for \$51,650.
3. In FY 2022 – apply an **exterior overcoat to the Water Tank** for \$96,387. The Water Tank is 20 years old and the exterior needs to be repainted.
4. In FY 2023 – replace the W-3 Pickup Truck for \$39,000. Each year Public Services Director Ward evaluates the City’s vehicles and determines if another year of service can be obtained.
5. In FY 2023 - the **Water Main extension at Summit Avenue** for a total of \$338,700. This project keeps getting pushed back because there is not much interest from the property owners to participate in the program. The area is surrounded by City water service so if a commercial development located here, the City could provide the water.

Alderman Greco inquired if Public Services Director Ward gets a chance to review properties before they are annexed into the City. Alderman Greco said this may help determine where easements are needed. Alderman Greco said it would be a good idea to have Public Services Director Ward review proposed annexations before a property is incorporated.

Capital Improvement Fund Requests

FY 2021 Capital Projects

1. **Building and Zoning Document Imaging Phase II** - \$50,000. City Administrator Marrero noted the City purchased the laser fiche system which is user friendly. Alderman Greco inquired about the status of the document imaging program. City Administrator Marrero stated beginning May 1, 2020 the Building and Zoning staff will scan all public hearing files. Alderman Rada inquired about what happens with the old files. City Administrator Marrero said the City will need to work with the State on how to handle these old documents.
2. **ETSB annual cost** – \$37,219. This cost is for year 4 of 8 for the new DuPage County reporting and CAD systems. Sergeant Lekki thanked the Council for approving the new laptops in the current year and noted that they helped the transition to the new DuPage County program. Every agency in DuPage County is responsible for their share of the cost. Alderman Greco inquired about why the City Council reviews this cost each year. Discussion ensued on how recording this annual cost and it was determined the ETSB expense would remain in the Capital Improvement Fund and be reclassified as an operating expense beginning with the current year.
3. **In-squad video cameras** annual cost - \$17,784. This cost is for year 2 of 5. Sergeant Lekki noted the system has been working really well and all the videos are stored securely off-site. The Finance Department will change the ETSB and in-squad video cameras to operating line items in the Capital Improvement Fund.

**CITY OF OAKBROOK TERRACE
BUDGET MEETING OF THE CITY COUNCIL MINUTES
WEDNESDAY, MARCH 4, 2020**

4. **Drones**—\$14,200. This cost is for two (2) drones. Sergeant Lekki hopes to use the drone as part of the MERIT accident reconstruction team. The MERIT organization is comprised of all DuPage County police departments and includes the following divisions: major crimes, accident reconstruction, crisis negotiations, major events, and SWAT. Sergeant Lekki requested two (2) drones, one for accident reconstruction and the other drone with infrared technology for search and rescue and other tactical operations. Sergeant Lekki proposed one (1) officer be trained on the drones and then this officer can act as the training officer for the department. Sergeant Lekki noted DuPage County currently does not have any drones for accident reconstruction, but other counties in Illinois utilize drones. Sergeant Lekki noted with a drone; streets can be reopened quicker and safer after a vehicle accident.

Alderman Greco said if there is only one (1) drone in DuPage County it would seem that one of our officers would be really busy. Alderman Greco indicated he is not a fan of the MERIT program and would rather see this money spent on range time, officer training, and new safety vests. Alderman Barbari asked what the City receives from MERIT. Sergeant Lekki explained the Oakbrook Terrace Police Department is small and if there is an incident we are going to request assistance from other agencies that specialize in other areas such as crisis negotiation. Alderman Greco asked if the City can find out what other municipalities contribute to MERIT. Sergeant Lekki noted the City used MERIT for a couple of fatal accidents. Acting Mayor Esposito asked if the drone is really needed at this point in time. Sergeant Lekki replied is it an absolute necessity no, but the drone will help overall to reduce overtime and time spent on accident reconstruction. City Administrator Marrero asked for a consensus on the drone and noted Police Chief Calvello will be discussing the Police Department budget next week. City Administrator Marrero noted the Council can think about the drones and discuss this more during next week's budget meeting.

5. **Replace Two (2) Squads** - \$100,000. Sergeant Lekki indicated each vehicle is estimated to cost \$41,000 and then furnished with about \$9,000 in lights, sirens, and other ancillary equipment. The City should receive about \$6,000 per trade-in vehicle.
6. **Streambank Stabilization Project** - \$905,033. Public Services Director Ward noted the environmental engineer working on the project is pretty confident that the City will receive approximately \$680,000 in DuPage County and Illinois Environmental Protection Agency grant funds to offset a portion of the costs. Alderman Greco asked when the City will receive information about the grants. Public Services Director Ward estimated this April.

FY 2022 Capital Projects

1. **Replace T-1 with 4x4 Pickup Truck** with plow package - \$49,000. Public Services Director Ward noted he evaluates vehicle purchases on an annual basis. Public Services Director Ward said this replacement could possibly be pushed off another year if the truck is still useful.

**CITY OF OAKBROOK TERRACE
BUDGET MEETING OF THE CITY COUNCIL MINUTES
WEDNESDAY, MARCH 4, 2020**

2. **Replace Car #10 for Assistant to the Mayor and City Administrator** - \$28,000. Alderman Greco commended Public Services Director Ward's efforts at managing the City's vehicle fleet and suggested other departments use this approach for drafting their five (5) year capital needs. Alderman Vlach suggested offering a car allowance rather than purchasing a new car. Public Services Director Ward said this is something to consider rather than replacement. Alderman Greco said this is something to look into as an option since this is not slated for replacement until next fiscal year. City Administrator Marrero said typically car allowances are so minimal so it probably would not come before the Council and would be an administrative decision.
3. **Replace Front-end Loader** - \$85,000. Public Services Director Ward indicated he evaluates this machine each year and plans to keep it as long as it still operates.

FY 2023 Capital Projects

1. **Replace Vehicle #T-2 Versa Lift Truck** - \$115,000. Public Services Director Ward said every year the versa lift truck is checked for safety and continues to meet safety requirements. Public Services Director Ward noted as long as the vehicle is safe, the City will keep it in the fleet. City Administrator Marrero asked what this vehicle is used for. Public Services Director Ward explained the truck is used for replacing light bulbs, installing banners, tree trimming, and holiday decorating.
2. **Replace Vehicle #T-5 Dump Truck** with plow package - \$165,000. Public Services Director Ward noted the salt spreader on the new dump trucks are calibrated and have saved the City money on salt prices. Alderman Greco commended the salting precision of the new trucks.

FY 2023 Motor Fuel Tax Capital Improvement Projects

1. **Curb and Gutter** - \$80,000. Public Services Director Ward noted new curbs and gutters will not be constructed this year because of the recent street resurfacing projects, and the next installation is scheduled for FY 2022.

Motor Fuel Tax Fund

Financial Analyst Haslett stated the City began receiving Transportation Renewal taxes this past year from the State of Illinois. The City expects to receive about \$24,434 in the current year and about \$36,001 next year. The revenue estimates for motor fuel and transportation renewal taxes are provided by the Illinois Municipal League. This tax is derived from the extra 19 cents per gallon of fuel that is now imposed by the State and redistributed to municipalities based upon per capita. Since revenues are increasing, staff was hoping to fund future curbs and gutters from the Motor Fuel Tax Fund. City Administrator Marrero said with the \$520,685 in fund balance the City could fund a couple of years of curbs and gutters from the Motor Fuel Tax Fund. Public Services Director Ward added storm sewer replacements could also be funded from the Motor Fuel Tax Fund as well.

**CITY OF OAKBROOK TERRACE
BUDGET MEETING OF THE CITY COUNCIL MINUTES
WEDNESDAY, MARCH 4, 2020**

Budget Variables

City Administrator Marrero went to discuss several budget variables for the FY 2021 budget and beyond. City Administrator Marrero updated the Council on the status of the traffic enforcement cameras. House Bill 322 bans red light cameras in non-home rule communities and recently passed the House and is on its way to the Senate. Illinois House Representative McSweeney is proposing to amend HB 322 so red light cameras in home rule communities are banned as well. The City should know in the coming weeks of the Senate decision. The City's Safespeed contract expires at the end of June 2020. City Administrator Marrero indicated she has heard that the State plans to ban all red light cameras before the City's contract expires. City Administrator Marrero estimated that with the revenues from the cannabis, the 1.5% food and beverage tax, and the sports wagering taxes the City will be okay without the traffic enforcement fines. Discussion ensued regarding the status of the traffic enforcement cameras. Alderman Greco suggested asking the Police Chief what it would cost to have a full-time officer patrol the intersection on a daily basis. The consensus of the Council is to continue with the cameras until the contract ends or the State of Illinois legislature terminates the use of the cameras.

City Administrator Marrero said we need the local food and beverage tax at 1.5% to balance the budget. The tax would apply to food and beverages for immediate consumption and packaged liquor. City Administrator Marrero said the proposed food and beverage tax will be discussed by the Council at their regular meeting on March 10, 2020. Several nearby communities impose the tax including: Villa Park (1.5%), Downers Grove (1%), Elmhurst (1%), Lombard (2%), Westmont (2%), and Willowbrook (1%). Acting Mayor Esposito noted chain restaurants are already paying this tax in other towns.

City Administrator Marrero said cannabis taxes are still too new to have a revenue projection. City Administrator Marrero noted the estimated cannabis tax revenue of \$500,000 included in the FY 2021 budget is based upon the projection provided by the dispensary. Alderman Przychodni inquired as to how serious the dispensary is about coming to Oakbrook Terrace. City Administrator Marrero replied the City received a purchase agreement, so the dispensary purchased the building and a public hearing was held on March 3, 2020 regarding this.

City Administrator Marrero said initially staff thought the sports betting tax would be similar to the 1% off-track betting host fee. However, staff found out that this is not the case and the State Wagering Act only provides funding to the State and Cook County and does not include any distributions towards municipalities. Hawthorne Race Track is currently applying for a sports betting through the Illinois Gaming Board. City Administrator Marrero said she spoke with City Attorney Ramello and since the City is home-rule, a sports wagering tax can be imposed. City Administrator Marrero said it looks like we are also going to need this tax. City Administrator Marrero said more discussion will be needed on this. Alderman Rada said sports betting at the off-track betting facility will help the horse betting as well. City Administrator Marrero noted at the City Council next week's meeting the food and beverage tax will be discussed and she will discuss the gaming tax more with City Attorney Ramello. City Administrator Marrero said maybe the

**CITY OF OAKBROOK TERRACE
BUDGET MEETING OF THE CITY COUNCIL MINUTES
WEDNESDAY, MARCH 4, 2020**

sports betting tax could be discussed at the last Council meeting in March so that more information can be gathered.

City Administrator Marrero explained that paying-off the remaining bonds in the Business District in the coming years will allow sales and home rule sales taxes which is about \$400,000 to be reallocated back to the General Fund. City Administrator Marrero noted the Home Depot sales tax rebate will be done in FY 2023, which means about \$125,000 will go back into the General Fund. The recently approved police pension consolidation is expected to result in a higher investment rate of return, which could lower future property tax levies. City Administrator Marrero noted currently HMO participants do not pay an employee portion for single coverage and pay a discounted rate for dependents. City Administrator Marrero said since the health insurance premiums continue to increase it is time that the HMO employee contributions increase as well. Police union negotiations will begin at the end of March. City Administrator Marrero noted the DCVB changes and the playground donation can be discussed next week.

ADJOURN

The meeting was adjourned at 8:50P.M.

Submitted by,

Aileen Haslett
Recording Secretary