

**CITY OF OAKBROOK TERRACE
BUDGET MEETING OF THE CITY COUNCIL MINUTES
WEDNESDAY, MARCH 16, 2016**

I. CALL TO ORDER

The Mayor called the March 16, 2016, Budget Meeting of the City Council to order at 6:08P.M.

II. ROLL CALL

The following Aldermen were in attendance:

Present: Esposito, Greco, Przychodni, Swartz, Thomas, Vlach, and Mayor Ragucci

Absent: None

Also in attendance were City Administrator A. Marrero, Deputy Police Chief C. Calvello, Assistant Finance Director D. Mark, and Finance Consultant Aileen Haslett.

III. PROPOSED FY 2017 BUDGET DISCUSSIONS

Marrero stated during tonight's meeting the Police Department, the Motor Fuel Tax Fund, and Business District will be discussed. Marrero displayed a PowerPoint presentation.

Police – Casey Calvello

Calvello stated the FY 2017 budget request is \$4,728,528, representing an increase of \$312,336 or 7% from the FY 2016 estimate. Calvello noted salaries increased by 4.6% or \$106,811 over the FY 2016 estimate due to mandatory Police Union pay increases awarded under the contract. Calvello reported other personnel benefits increased by \$160,241 or 10% from the current year due to higher insurance costs and a higher actuarial recommendation for the City's contribution towards the Police Pension Fund. Calvello added the FY 2016 estimate is actually \$95,549 less than the original budget due to a Sergeant vacancy in the current year.

Ragucci asked if the Police Department will have any additional hires. Calvello replied as of Monday, the Police Department will be staffed at 100%. Calvello said the new recruit will be attending the Police Academy next Monday. Calvello stated the Police Department is conducting interviews for a part-time staff member. Calvello noted next year the Police Department will be requesting a community service vehicle.

Greco asked how the new building is working for the Police Department. Calvello replied he has given 10 tours in the last month of the new station and people are in awe of it. Esposito asked about the Police Department's productivity. Calvello replied productivity is up and DUI's are down everywhere with bars emptying out early. Calvello said the police officers are a great group with a real nose for uncovering drugs and weapons.

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Motor Fuel Tax Fund

Marrero said Motor Fuel tax revenues totaling \$55,771 are down 23% from last year. Marrero explained this decrease is due to the elimination of the Illinois Jobs Now Capital Grant program. Marrero reported FY 2017 expenditures are budgeted at \$62,000 and are 20% higher than FY 2015 actuals because of higher snow plowing wages as well as the addition of the thermoplastic roadway striping at \$7,000. Marrero anticipated a minor deficit of \$6,000 in FY 2017. Marrero noted that 89% of expenditures are related to snow plowing, so technically if a mild winter occurs, a deficit in FY 2017 will be avoided. Marrero estimated the FY 2017 fund balance at almost \$500,000.

Business District

Marrero projected Business District taxes at \$461,920, which represent a 6.2% or \$28,000 increase over the FY 2015 actual. Marrero said this increase is not a significant amount to cover the principal and interest for the bonds. Marrero said the bond payment deficiency started back in FY 2015. Marrero estimated a deficiency of \$86,000 by FY 2017. Marrero noted Business District revenues are doing better than budgeted, but are still unable to meet the bond payments each year with the current revenues.

Marrero assuming revenue growth of 1% annually, projected cash reserves will be gone by FY 2023 and no longer able to cover the bond expenses. However, Marrero said assuming a 5% annual increase in revenues, the City would still be dipping into reserves to FY 2025, but then in FY 2026 the Business District would recover and be able to support the bond payments. Marrero explained under this assumption, \$700,000 is projected in FY 2026 to cover the bond payments of \$686,000.

Ragucci said the majority of the taxes are coming from Pete's. Marrero said the developer, Kurt Hurst, keeps pushing off his presentation to the Council. Ragucci said there has been some discussion regarding a change in ownership of the Shopping Center. Ragucci said there has also been discussion of Pete's expanding the store to the west and relocating some of the retailers. Marrero said if the change in ownership does not occur, the City has a strong fund balance in the General Fund of \$6 million. Marrero said some of the fund balance of the General Fund can be transferred to the Business District to help cover these bond payments. Ragucci agreed with Marrero. Ragucci said the Shopping Center is going to pop. Ragucci said the economy is flat, but Pete's is getting busier. Ragucci said Pete's cannot sustain the Business District.

Esposito said Hurst owes the City a half and hour of his time. Greco agreed and said he should be meeting with the Council quarterly. Greco asked if there are any other ways to put a thumb on Hurst. Marrero replied no. Greco said we need to pressure him to attend an upcoming meeting. Marrero said in Ramello's discussion with Hurst, that Hurst has offered to pay the difference between the revenues and the bond payments. Marrero said we need to resurrect that conversation. Marrero said the FY

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2015 deficit was almost \$24,000. Discussion ensued regarding Hurst's landlord practices. Ragucci said we need another big box store at this location.

Wrap-Up

Greco asked if we can host events in the Council Chambers. Ragucci said the City will host the National Night Out this year. Ragucci said the Police cars, Fire trucks, and Public Services vehicles will be present as well. Greco said the City could host an identity theft seminar. Ragucci said maybe the City could send an officer to York Township because many seniors attend functions there. Greco proposed the City could start a citizen's police academy similar to Westmont's. Calvello said a police academy is a lot of work and you need about 15 people to sign-up to make it worth it.

Esposito suggested the City host a follow-up meeting regarding the changes to the residential rental inspection program. Ragucci asked when the Code Enforcement Officer begins the rental inspection program. Marrero replied in May. Ragucci suggested hosting the meeting in June. Marrero noted Dragan heard feedback from two (2) landlords complaining the fee increase is unfair to the owners which have been in compliance with the regulations. Ragucci said this will be a learning curve year and he agrees with these owners and hopefully the fee will be reduced next year for those landlords in compliance. Ragucci suggested hiring an additional part-time code enforcement officer for the property maintenance code.

ADJOURN

The meeting was adjourned at 7:14P.M.

Submitted by,

Aileen Haslett
Recording Secretary