

**CITY OF OAKBROOK TERRACE  
BUDGET MEETING OF THE CITY COUNCIL MINUTES  
WEDNESDAY, MARCH 9, 2016**

**I. CALL TO ORDER**

The Mayor called the March 9, 2016, Budget Meeting of the City Council to order at 6:00P.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, Building and Zoning Administrator M. Dragan, Public Services Director C. Ward, Assistant Finance Director D. Mark, and Assistant to the Mayor and Administrator M. Sarallo.

**III. PROPOSED FY 2017 BUDGET DISCUSSIONS**

**General Fund Revenues**

Marrero said the General Fund revenues are now exceeding pre-recession amounts. Marrero estimated total General Fund revenues for FY 2017 will be \$7.4 million, reflecting a .7% increase which is relatively flat over the current fiscal year estimate and when compared to the FY 2015 actuals are up by \$248,000 or 3.4%. Marrero went on to discuss the City's key revenues. Marrero reported FY 2017 Sales taxes are estimated at \$1.86 million and are the City's number one (1) revenue source representing 25% of total revenues. Marrero said Hotel taxes in the amount of \$1.7 million are the City's second largest revenue source at 23%.

Marrero indicated the third largest revenue source is property taxes, which represent 13% of total revenues. Marrero stated Utility taxes represent the fourth largest revenue source at 11% of total revenues.

Marrero went on to provide historical revenue information for the major revenue sources. Marrero said Sales tax revenue dropped since 2008 due to the recession, but taxes picked-up in 2015 with \$1.8 million and FY 2016 and FY 2017 estimates of \$1.85 million reflect that taxes are slowly inching back towards the pre-recession amounts. Marrero said Hotel taxes at \$1.695 million for FY 2016 and FY 2017 are expected to exceed the pre-recession amounts. Marrero explained the growth in hotel taxes is also due to the recent settlement with the online travel companies and their collection of the tax going forward.

Marrero said prior to this current year, the utility tax line item only represented telecommunication taxes, but now incorporates \$150,000 of electrical utility taxes as well. Marrero indicated this addition helps maintains the revenue levels for utility taxes for FY 2016 and FY 2017 where \$818,000 is expected to be received in both years. Marrero reported Telecommunication taxes are projected to decrease by \$133,000 from last fiscal year's actual. Marrero explained this decrease is largely due

**CITY OF OAKBROOK TERRACE  
BUDGET MEETING OF THE CITY COUNCIL MINUTES  
WEDNESDAY, MARCH 9, 2016**

to a major provider renegotiating a contract with one (1) of the City's largest businesses, and therefore reducing the tax liability. Marrero said staff will be monitoring this revenue closely over the next year.

Marrero said Amusement taxes are doing well and represent 3% of total General Fund revenues at \$242,000. Marrero said for FY 2016 the Amusement tax rate reverts back to 5% on October 1, 2016. Marrero explained back in 2011 the Amusement tax rate decreased to 4% with the provision that it would revert back to 5% in five years, which is October 1, 2016. Marrero said back in 2011 Drury Lane approached the Council about a decrease in the tax due the recession and the Council agreed to lower the tax by 1% for a period of five (5) years.

Marrero said Property taxes represent the third largest revenue source at \$935,000. Marrero said 100% of the property taxes are now dedicated to fund the police pension liability. Marrero said this is a huge impact on the operating budget going forward. Marrero said Public Act 96-1495 authorizes the State Comptroller to withhold state funds to municipalities that do not fund 100% of the actuarial calculation. Marrero added this is one of the biggest reasons the City transferred \$150,000 of the electrical utility tax from the Water Fund to the General Fund to subsidize the loss of the corporate tax going forward.

Marrero indicated last year the City was concerned about Governor Rauner reducing the income tax by 50%, Marrero said this is no longer on the table and not a concern for the City. Marrero also said at this time last year the Off-Track Betting (OTB) facility declared bankruptcy and the City did not know the fate of this revenue source, which is approximately \$160,000 per year. Marrero said Hawthorne Race Track has taken over the facility and will hopefully maintain and possibly even increase this revenue source for the General Fund.

Marrero said overall bottom-line General Fund revenues are flat for FY 2017.

**General Fund Expenditures**

Marrero noted FY 2017 General Fund expenditures are estimated at \$7.4 million reflecting a 5.6% increase over the FY 2016 estimate, and 9.5% higher than the FY 2015 actuals. Marrero said approximately 74% of the total expenditures are related to salaries and benefits. Marrero noted the FY 2017 budget does not include any COLA or proposed personnel changes. Marrero said the proposed personnel changes and COLA recommendations will be discussed at a future meeting during Executive Session.

Marrero said the budget includes the City's insurance costs that were recently discussed at the Council meeting. Marrero noted contractual services comprise 23% of the budget at \$1.7 million, while commodities represent 2% at \$184,000. Marrero said the only major capital purchase in the General Fund is the scheduled replacement of two (2) police vehicles in the amount of \$72,000. Marrero reported since 2008

**CITY OF OAKBROOK TERRACE  
BUDGET MEETING OF THE CITY COUNCIL MINUTES  
WEDNESDAY, MARCH 9, 2016**

salaries have increased approximately by 23% of \$619,000, while benefits increased approximately 85% or \$325,000.

Marrero said General Fund revenues outpaced expenditures starting in FY 2011, but then the gap starts to close with revenues and expenditures almost equal for the proposed FY 2017 budget. Esposito said it is concerning that revenue and expenditure gap is closing in. Ragucci said this year's budget will be close, but next year's budget should be better with all the businesses coming to town. Esposito asked how are other cities are trending in terms of salaries and revenue to expenditure ratios. Marrero said staff will put something together over the next couple of weeks.

**General Fund Balance**

Marrero said the General Fund budget is balanced and over the past several years the City has been fortunate to show a surplus. Marrero said for FY 2016 staff originally budgeted a surplus of \$29,000, but based upon FY 2016 estimates a \$375,000 surplus is now projected. Marrero said a surplus of \$34,000 is projected for FY 2017, but again this represents an estimate.

Marrero estimated the FY 2017 ending fund balance at \$5,976,521, which reflects a .4% decrease from the current year because the City will be dipping into the reserves to pay for a portion of the police pension liability not covered by the property tax levy. Marrero said the City will be transferring in \$57,171 from reserves to fund the levy. Marrero said the City is proud to exceed the General Fund budget reserve policy of at least 40% of estimated yearly revenues, which is \$2.9 million. Marrero added the City surpasses the GFOA best practice of a minimum of no less than two (2) months of regular and operating fund revenues or expenditures.

Ragucci said the City is very fortunate that we have the fund balance in the General Fund.

**Executive Management & Special Events**

Marrero said the FY 2017 budget request for Executive Management is \$822,941. Marrero noted the FY 2017 proposed budget decreased by almost \$109,000 compared to the FY 2016 budget due to a decrease in lobbying services and membership fees. Marrero said there are no other major changes included in the budget.

**Building and Zoning**

Dragan stated the FY 2017 budget request is \$455,000, representing an increase of \$2,100 from the FY 2016 Budget and \$22,032 or 5% higher than the FY 2016 estimate. Dragan said this increase is due higher health insurance, engineering, and an increase in public hearing expenses. Dragan said benefit costs are expected to increase by \$7,000 over the FY 2016 estimate, while engineering fees are expected to be \$7,000 higher. Dragan stated the proposed budget included a \$6,000 increase for

**CITY OF OAKBROOK TERRACE  
BUDGET MEETING OF THE CITY COUNCIL MINUTES  
WEDNESDAY, MARCH 9, 2016**

public hearing expenses because of anticipated new construction. Dragan explained public hearings involve a court reporter and the City pays for this service and then the petitioner reimburses the City.

Esposito asked if the code enforcement professional fees need to be increased based upon recent Council discussions. Marrero replied this is something that needs to be considered and she can put some numbers together and any proposed personnel will be discussed during Executive Session. Greco asked if a contingency for additional code enforcement could be placed in the Building and Zoning budget. Ragucci said staff will put together some numbers and report back to the Council.

Ragucci said since Building and Zoning moved to City Hall, he is amazed at how busy staff is. Ragucci commented that contractors are coming in all day long. Ragucci said Building and Zoning is also bringing in significant revenues. Ragucci commended the Building and Zoning staff for their efforts.

**Streets**

Ward said the Street FY 2017 budget request includes a 4% increase over the FY 2016 budget. Ward said this increase is largely due to an increase in building maintenance costs for City Hall. Ward said when he purchased fuel back in December the charge was \$1.41 per gallon for regular and \$1.63 for diesel. Ward said the City has experienced a major decrease in fuel costs this year. Esposito asked if \$2.50 a gallon was included in the budget. Ward said this estimate is based upon the fuel analysis report and it is still hard to predict what direction fuel prices will go. Vlach indicated he heard the world is awash in oil and he felt the \$2.50 estimate is high. Ragucci said there are reports that fuel prices will increase this summer. Ragucci said even if we budget fuel at \$2.50 per gallon and we don't use it, the money is still there if needed. Marrero said the budgeted fuel price is always a little higher than the market price.

Ward said last year the City paid \$82.41 per ton of salt and this year the City paid \$60.61 per ton, which is still fairly high. Ward explained the City can lock these prices in for another year. However, Ward noted with the mild winter, he thinks the City should re-bid the price because salt prices will probably drop significantly. Marrero asked when the documents need to be submitted to the State of Illinois Central Management Services (CMS). Ward replied right now. Esposito asked how much salt the City used this year. Ward responded about 300 tons.

Esposito asked about state grants. Ward replied there are no state grants available at this point. Esposito asked about the condition of the City's curbs and gutters. Ward replied there are a lot of areas in town that still need curbs and gutters. Ward said the budget includes the street resurfacing project in a year or two. Ward said the Capital Improvement Plan breaks down the street resurfacing project over a three (3) year period. Ward said the resurfacing project is set to start in FY 2018.

**CITY OF OAKBROOK TERRACE  
BUDGET MEETING OF THE CITY COUNCIL MINUTES  
WEDNESDAY, MARCH 9, 2016**

Greco asked if the City can review the mosquito abatement company's GPS while their driving. Ward said he will check into this and report back to the company.

**Tourism**

Marrero said the Tourism budget is \$168,949 representing a decrease of \$32,565 less than the FY 2015 actual. Marrero noted the Tourism budget decreased because the City no longer contributes \$35,000 to the Chamber. Marrero noted 96% of the Tourism budget goes toward the DCVB. Marrero said the City's membership fees are budgeted at \$62,449, while \$100,000 goes towards the marketing campaign. Marrero said the hotels are doing well and the DCVB seems to be doing well with the decrease in the marketing line item from last year.

Greco said he does not understand what the DCVB is doing for the City for the \$100,000. Greco added he would like to know what tangible and intangible items the City receives for this line item. Marrero said most of the \$100,000 goes towards the website, internet search optimization, and Triple AAA advertising. Greco said the City could hire a full-time marketing staff member for this amount of money. Ragucci said would this position have the resources that the DCVB has. Ragucci said maybe the DCVB needs to provide more information on what they can offer the City as opposed to an in-house staff member. Vlach said the City does not have the expertise and if you prorate the \$100,000 over the 1,077 hotel rooms it is not that much money. Marrero said she will put some information together for the next agenda.

Marrero said the Tourism budget includes \$6,000 for the Historical Society. Marrero said the Historical Society did not come forward and request this. Marrero noted originally the City agreed to provide the Historical Society with \$6,000 for two (2) years and those years are up. Ragucci suggested staff contact the Historical Society and request an update on their current activities as it relates to the \$6,000 contribution. Greco said he favors contributing to the Historical Society, but also letting them know that every two (2) years they need to make a presentation to the Council.

**Police Commission**

Marrero said the Police Commission FY 2017 Budget is \$14,135 and is standard from past years with no real changes. Marrero said the budget decreased by \$2,300 from the FY 2016 estimate.

**Finance**

Mark noted the FY 2017 budget is \$446,709, representing an increase of \$22,497 from the FY 2016 estimate. Mark noted the FY 2017 budget is about \$33,083 more the FY 2015 actual because the proposed budget includes the part-time Accounting Assistant and higher costs for workers compensation and risk management insurance premiums. Mark noted the City received the CAFR and Distinguished Budget

**CITY OF OAKBROOK TERRACE  
BUDGET MEETING OF THE CITY COUNCIL MINUTES  
WEDNESDAY, MARCH 9, 2016**

Presentation Award from the Government Finance Officers Association. Mark reported the Finance Department implemented the early payoff of the DuPage Water Commission subsequent customer loan saving the City approximately \$63,000 in interest charges. Swartz about vision insurance. Mark explained the vision insurance covers all staff members and includes coverage for exams, glasses, and contacts.

**Economic Development**

Marrero stated the Economic Development FY 2017 Budget is \$192,500, which is \$24,000 higher than the FY 2015 actual. Marrero said in FY 2015, SIRVA and Redbox did not participate in the incentive program. Marrero said staff continues to reach out to SIRVA and Redbox to gain their participation.

**Water Fund**

Marrero said FY 2017 Water revenues are estimated at \$1.3 million down 16% from the current year estimates. Marrero explained this decrease is due to lower electrical utility taxes as well as significantly less tap-on fees this year. Marrero said Water Sales are proposed at \$947,000, representing 74% of total water revenue. Marrero noted that Water Sales are estimated to increase by 6% from FY 2016 and 15% from FY 2015 actual.

Vlach asked if the Water Sales increase is due to Terra Vista. Ward said Terra Vista, Lincoln One, and other properties that connected to the City's water system contributed to this expected increase. Ward added it has been a banner year for the Water Fund. Vlach commended Ward for his efforts.

Marrero said since 2013, there have been gains in the Water Fund, which reflect the City's effort to stabilize the Water Fund. Ward said the City is going in the right direction, while a lot of other towns are going in the other direction because of their aging infrastructure. Ragucci said he would still like to get Versailles on the City's water system. Marrero replied the City would need a second water tank.

**Capital Improvement Fund**

Marrero said 98% of the Capital Improvement Fund's revenue comes from Home Rule Sales taxes, which are estimated at \$1.68 million for FY 2017. Marrero said this reflects a 1.5% increase from the FY 2015 actuals. Marrero said the FY 2017 proposed budget for the Capital Improvement Fund is \$757,688. Marrero said facility improvements including a partial City Hall remodel comprise 40% of the budget, while bond expenses represent 47%, infrastructure includes 10%, and equipment purchases are at 3%.

Marrero said the current year fund balance is estimated at \$545,087, which is a significant decrease from the FY 2015 actual. Marrero explained this decrease is due to construction of the new Police Station. Marrero said fortunately due to the Home

**CITY OF OAKBROOK TERRACE  
BUDGET MEETING OF THE CITY COUNCIL MINUTES  
WEDNESDAY, MARCH 9, 2016**

Rule Sales tax and no major capital improvements the fund balance will be back up to \$1.47 million by the end of FY 2017. Marrero estimated that by FY 2021 the fund balance will be \$4.1 million.

**Capital Improvement Plan**

Marrero said every two (2) years the City replaces two (2) police vehicles due to their high usage. Marrero noted DUI revenue funds pay for these replacement vehicles. Greco asked if any of the vehicle parts are repurposed before traded-in. Ward replied all the vehicles are stripped down before traded-in.

Ward said the Midwest-Drennon Water Main Loop is an extension of the SSA project that brought water to 635 Butterfield and 660 Midwest Road. Ward explained this connection operates from a dead-end watermain. Ward noted this project would add reliability and redundancy to the loop. Ward said it is not essential that this project proceed at this time, but would be a nice luxury at some point.

Ward said the W-3 Pickup Truck replacement is evaluated annually to determine if it needs replacement. Ward said he will probably push this vehicle replacement off another year. Ward explained the Summit Avenue watermain extension should have been completed when the water system was initially installed, but these property owners declined City water. Ward said in order to require them to connect a private easement was necessary because there was insufficient room in the right-of-way. Ward said from time to time developers want to build on these properties, but are deterred by the well. Ward said at some point this project will happen through the formation of an SSA.

Ward noted there are still many locations throughout the City requiring curbs and gutters. Ward said curbs and gutters are needed on Spring Road by the Timber Trails Bridge. Ward said \$80,000 gets you about 1,000 feet of curb. Ragucci asked if there were any other locations. Ward replied along MacArthur. Ward said another time to start thinking about this is when the City starts the resurfacing project because pricing may be better.

Ward said he is requesting to replace the John Deere gator in the next budget year. Ward said the gator is used for many purposes including: landscaping, garbage detail, and the sidewalks. Ward said he evaluates the lawn mowers every year and their scheduled replacement is in FY 2018. Ward said the centralized mowing program continues to work out great. Ward said the front-end loader is scheduled for replacement in FY 2018. Ward said this will most likely get pushed back a year as well because the front end loader continues to work just fine.

Ward said the Lift Truck does not get that much use and still passes inspection every year and is scheduled for replacement in FY 2018. Ward said the City will really need to look at the street resurfacing project for FY 2018. Ward said the proposed costs at \$650,000 are probably relatively close, but as the City gets more serious about this

**CITY OF OAKBROOK TERRACE  
BUDGET MEETING OF THE CITY COUNCIL MINUTES  
WEDNESDAY, MARCH 9, 2016**

more accurate estimates will be obtained. Ward said the project will take place over three (3) years with a third of the town resurfaced each year.

Ward said the replacement of the T-1 F350 Truck is scheduled for FY 2019. Ward said the Snow Plow truck replacements scheduled in FY 2019 and FY 2020 will most likely take place in this timeframe because it is getting difficult to find replacement parts for these vehicles.

Marrero reported the new Police Station final cost is \$9.8 million, with \$7.1 in actual construction costs and \$2.7 million in soft costs. Marrero said most of the soft costs comprise Williams Architects and Harbour Contractors fees. Marrero said last year at this time the Council discussed eliminating the full renovation of City Hall and estimated savings of about \$2 million, and these estimated savings were accurate and the City did end up saving \$1.9 million by not completing the full renovation of City Hall.

Marrero said the FY 2017 Capital Improvement Fund includes \$300,000 to partially renovate City Hall. Marrero said Ward secured three (3) proposals for the City Hall renovations. Marrero said it is a matter of staff meeting with the contractors and then selecting one (1) and bringing it before the Council for approval. Ragucci said the amount for the renovation will most likely be higher than \$300,000. Marrero estimated about \$100,000 more may be required. Greco inquired about the LEED certification status. Marrero said she is still awaiting information regarding the LEED status for the new Police Station.

Ragucci thanked the staff and Council for their efforts.

**ADJOURN**

**The meeting was adjourned at 8:06P.M.**

Submitted by,

Aileen Haslett  
Recording Secretary