

ROLLING MEADOWS CITY COUNCIL
BUDGET MEETING
September 19, 2009

COUNCIL IN ATTENDANCE: Mayor Ken Nelson, Aldermen John Pitzaferro, Barb Lusk, Larry Buske, Brad Judd, Glenn Adams, John D'Astice, Jim Larsen

STAFF IN ATTENDANCE: City Manager Sarah Phillips, Public Works Director Fred Vogt, Community Development Director Valerie Dehner, Finance Director Jim Egeberg, Police Chief Steve Williams, Deputy Police Chief Dave Scanlan, Fire Chief Ron Stewart, Deputy Fire Chief Brian Dempsey, City Attorney Jim Macholl

Mayor Nelson called the meeting to order at 8:30am

DISCUSSION ITEMS:

1) 2010 Budget

Ms. Phillips: Police and Fire Pension Levy – there are concerns from Board about the underfunding. The Committee has met and discussed recommendations. A memo was sent out from the Committee. The Committee decided to use the Illinois Division of Insurance actuarial numbers. Pensions have definitely taken a hit in this economy.

Alderman D'Astice: Are taxpayers on the hook?

Mayor Nelson: No, every year the state determines what it will take to be fully funded to 2033.

Alderman D'Astice: Essentially, because the economy went south and bad investments, the taxpayers have to make up the difference.

Mayor Nelson: The pension issue is a major issue for the State legislators.

Alderman Adams: Looking back, he thought we were being pretty proactive.

Representative of Board of Police and Fire Commission: The Police pension is \$26M underfunded. The City has the fiduciary responsibility to fully fund these pensions.

Alderman Adams: To fully fund this will require a 26-28% increase in property taxes next year.

Representative of Board of Police and Fire Commission: For the last 25 years they have had to pay less property taxes.

Alderman Judd: The Fire Pension is \$27M underfunded?

Fire Department: Correct.

Ms. Phillips: The breakdown is in the budget.

Alderman D'Astice: When will we know if the deadline gets extended?

Mayor Nelson: By the end of October.

Ms. Phillips: It is under Senate Bill 2011.

Alderman D'Astice: This decision could be deferred until the end of October.

Mayor Nelson: Strongly suggests that.

Alderman Lusk: Even if they extend the date, there will still be a pretty hefty property tax increase.

Mr. Egeberg: Each year the pensions pay out beneficiary benefits. Theoretically what is coming in from employees and the City should cover what is going out. That is not what is happening right now which means they have to take money out of the investments. There could be severe constraints going forward.

Alderman Lusk: She would rather nip it in the bud now.

Alderman Judd: Are benefits subject to the 3.5% increase.

Mr. Egeberg: There is an automatic 3% increase.

Alderman Judd: Does the pension have to come from a levy?

Mr. Egeberg: Traditionally it has always been funded this way.

Alderman D'Astice: But it could come from other sources?

Mayor Nelson: Correct.

Ms. Phillips: Brought up cuts in the newsletter costs; such as a new printer, going bi-monthly, EFT's.

Alderman Buske: The problem he sees is the residents not getting the calendar.

Alderman Larsen: A calendar could be added to the newsletter.

Alderman Buske: That would add more paper.

Ms. Phillips: We could cut down the stories.

Alderman Judd: Thinks EFT and email are a great idea. He commends Staff.

Mr. Egeberg: It is about \$1 per copy to send out the water bill and newsletter.

Alderman D'Astice: With regards to the newsletter; years ago Council meetings were not televised and the newsletter was the basic form of communication to the residents....a quarterly newsletter. We became fortunate enough to be able to televise the meeting. With people having the ability to have internet access and replays of the meeting, he is okay with going bi-monthly with the newsletters and possibly phase it out altogether.

Alderman Larsen: Do we have a sense of what percentage of the population does not have internet access?

Ms. Phillips: No. There is a percentage of the population that will always want to pay a check and come into City Hall.

Alderman Larsen: Would there be a value to survey the residents.

Mayor Nelson: We will have to do that with the e-bill.

Alderman D'Astice: Believes Rolling Meadows is the only community to send out a 6 page monthly newsletter.

Alderman Lusk: Has had an article in the newsletter every month for the past few months.

Alderman D'Astice: Why not have people sign up to receive a newsletter?

Mayor Nelson: Could we put a slip in the next water bill that basically asks that question.

Alderman Judd: If EFT's start in January, could we charge \$1.50 to offset the credit card fee?

Mr. Egeberg: He would recommend against that because it decreases the amount of people who will charge by credit card.

Alderman Pitzaferrero: Believes that we wouldn't lose much if we started charging a convenience fee. We will see a lot of people using the EFT.

Mr. Egeberg: The EFT should be up and running in 2 to 3 weeks. There would still be no charge for someone coming in and paying by check.

Mayor Nelson: We need to give them both options: credit card or EFT.

Ms. Phillips: Should Staff do a survey for feedback on the newsletter?

Alderman Judd: Just do it and switch it to bi-monthly.

Alderman D'Astice: He is good with bi-monthly, but recommends giving people choices.

Mayor Nelson: Survey those who just want it electronically.

Mr. Egeberg: The process will start when the next water bill goes out.

Mayor Nelson: He is hearing from Council that we should do a survey.

Ms. Phillips: Next issue is fee increases. The Vehicle License fee has not increased since 1998. Staff is proposing increasing the fee to \$25 from \$22 and lowering the Vehicle Transfer to \$3.

Alderman Larsen: Where did \$25 come from? Why not \$30?

Ms. Phillips: Staff would be okay with that. The rationale was to take it in slower increments.

Mayor Nelson: Would that be just for cars?

Mr. Egeberg: Virtually everything is \$22 right now. Everything would be raised proportionally. There would be no change in price of senior discounts.

Alderman Judd: He is not in favor of this. Thinks we should look at ways to cut from the budget before raising fees.

Mr. Egeberg: This money goes into the local road fund.

Alderman Buske: How many are seniors allowed?

Mr. Egeberg: 2 per household.

Alderman Larsen: To Alderman Judd's point about reducing costs, what could we reduce in the road maintenance fund?

Ms. Phillips: Not doing projects.

Alderman D'Astice: He would take the increase into consideration after going thru the budget and deciding what is necessary.

Mayor Nelson: Is hearing from Council that we should leave it on the table for now.

Mr. Egeberg: Dog licenses - we charge \$3 or \$5 currently and are recommending an increase to \$10. Staff is looking to initiate a lifetime dog tag for \$30. The idea would cut back residents coming in every year to buy one and cutting back on Staff time.

Alderman Lusk: If we start next year, her concern is that she has a 10 year old dog.

Mr. Egeberg: It is one of those things where we have to bite the bullet and just implement it.

Alderman Lusk: Believes she will get more complaints on this than over the increase in the vehicle license.

Alderman Buske: What about the requirement to show proof of rabies shots?

Mr. Pitzaferrero: Likes that idea.

Mr. Egeberg: We could make it an option.

Alderman Larsen: Is okay with increasing the annual fee to \$10 for 5 years.

Alderman Lusk: Are we increasing to \$10 to cover costs?

Mr. Egeberg: Correct. Many municipalities charge about \$10.

Alderman Pitzafarro: How much do we make on this?

Mr. Egeberg: About \$4,000 per year and the cost to implement this is about \$2,500.

Alderman Adams: The majority of animals that are picked up are cats. What game plan is there for dog licenses that we get 100% compliance?

Mr. Egeberg: That is very difficult. He is okay with keeping the fee at \$3 or \$5.

Alderman Adams: Is okay with the lifetime option.

Mayor Nelson: Do we have an Ordinance that penalizes owners that do not have a license for their dog.

Chief Williams: Yes.

Mayor Nelson: That is our way to check compliance.

Mr. Egeberg: Could check with the County and get a list.

Alderman D'Astice: Will go along with what the Council decides. Offering the lifetime option is a good idea.

Mayor Nelson: Suggests keeping it split between neutered and non-neutered dogs.

Alderman Judd: People could switch tags when they get a new dog.

Mayor Nelson: Asked for a show of hands - Look at a smaller increase (\$5 neutered/\$10 non-neutered) and also the lifetime option – YES.

Ms. Phillips: Next issue is tuition reimbursement – the current contracts with unions cannot be changed.

Alderman Judd: Educating the workforce is good. He is in favor of capping reimbursements to \$1500/quarter and \$2000/semester.

Alderman D'Astice: He adds that reimbursements are based on grades and starts at beginning of 2010 school year.

Ms. Phillips: We are looking at \$6,600.

Alderman D'Astice: But we need to set a precedent.

Mayor Nelson: We need to see a breakdown of the numbers on those we impact in 2010 before we make a decision.

BREAK: 10:13 am

Ms. Phillips: Next issue is Community Development Fees - Are we covering our costs? There have been no increases since 1997.

Ms. Dehner: We raised the rental license fees and business license fees. As far as building permit fees, they have not been raised since 1997. Across the industry we are a little bit low.

Alderman Larsen: Can we measure compliance?

Ms. Dehner: Our compliance is very good.

Mayor Nelson: If I change a water heater myself there is no way to check compliance?

Ms. Dehner: Correct.

Alderman Pitzafarro: What is the minimum electrical fee?

Ms. Dehner: This would be for something minor. When someone is doing an addition we are not raising those fees.

Alderman Pitzafarro: How much money would we make if we implemented this?

Ms. Dehner: Does not know at this time.

Ms. Phillips: We could get those numbers.

Alderman Adams: What do you constitute as a plumbing fixture?

Ms. Dehner: Faucets, sinks, toilets, etc.

Alderman D'Astice: We need to know how much this is and will reserve his support.

Alderman Adams: Is against raising any permit fees if we are going to hit them with a 28% property tax increase.

Mayor Nelson: We need to have a system in place to review these periodically and not wait 10 years.

Alderman Buske: What do you classify the cost of an inspector per hour.

Ms. Dehner: \$66

Mayor Nelson: Direction to Staff is to get numbers and keep issue on the table.

Ms. Phillips: Next issue is the utility rate increases. There is a proposal from JAWA.

Alderman D'Astice: The proposal is a 14% increase for water and 14% for sewer. When water goes up doesn't sewer automatically go up?

Mr. Egeberg: Water & sewer rates are married together. Sewer will remain at 33% of water.

Alderman Pitzafarro: Are the increases from JAWA since 1995 correlated with our increases.

Mr. Vogt: To his recollection there have always been increases from JAWA.

Alderman Judd: 14% is not necessary in his opinion.

Alderman D'Astice: With regards to the IEPA grant, he does not recall that we passed that. Why is it in the budget?

Ms. Phillips: We have to anticipate them.

Alderman D'Astice: Has been skeptical on this IEPA grant. If we decide not to choose it, where will the money come out?

Ms. Phillips: Where it is being allocated.

Alderman Lusk: Are we getting charged an additional 14%?

Mr. Vogt: Correct.

Alderman Lusk: Has no problem with this increase.

Alderman Judd: Does not think we need to raise it this much. He sees a place for cuts (Staff).

Alderman Lusk: Public Works supervisors are also working positions.

Mr. Vogt: The positions are all working positions. He will be happy to discuss staffing responsibilities.

Mayor Nelson: Brad's points are well taken and should be brought up again when meeting with the department heads.

Alderman D'Astice: Asks that this be brought up when we have our Public Works budget discussion in a public forum.

Mayor Nelson: Prior to that everyone needs to have a clear understanding.

Alderman Pitzafarro: Based on a prior meeting with aldermen and CPA's, his underlying concern is payroll. That is our biggest expense.

Alderman Adams: With regards to the Stormwater Management fee - When we started this fee the purpose was to take money and keep putting it into a fund and have it work off itself. Somewhere down the road that got changed to a working fund.

Alderman D'Astice: Agrees with Alderman Adams. He initiated this. This was created for work on the creek. This has evolved in a way that we now have numerous line items in this fund. The intent of this fund has changed over the years.

Mr. Vogt: Believes that Aldermen Adams and D'Astice are correct. It has been an 8-9 year evolution.

Alderman D'Astice: With regards to the 5% increase in refuse, is that an arbitrary number?

Ms. Phillips: Tipping fees are going up.

Mr. Egeberg: This increase is to make sure we have a 10% fund balance.

Alderman D'Astice: Will hold support until we go through the expense side of the budget.

Alderman Pitzafarro: Should we have looked at expenses first?

Mayor Nelson: Not necessarily.

Ms. Phillips: There are very few proposed increases. The pension fund is a totally separate issue. We tried to start having minimum fund balances in this budget.

Alderman D'Astice: Has not seen specifically, in an easy format of all the funds. He does not want to see certain funds comingled. If we are charging a specific tax we need to have a separate fund.

Mr. Egeberg: Will get a chart out to Council.

Ms. Phillips: Next issue is the 911 fund – There is a negative fund balance (\$414,000). Staff is recommending \$100,000 transfers over the next 4 years.

Alderman D'Astice: Believes this issue needs to be discussed at a regular Council meeting.

Ms. Phillips: It will be brought up on November 10th.

Alderman Judd: It makes sense. What doesn't make sense is the \$153,000 levy. He does not believe this is necessary.

A discussion took place on Northwest Center Dispatch fees.

Alderman Judd: Would like more of a breakdown of expenses (for example, Admin fees) like the 2009 budget.

Alderman Pitzafarro: Going over the budget was very frustrating without the breakdowns.

Alderman D'Astice: Agrees. The budget should be more transparent.

Mayor Nelson: Thinks that the one-on-one meetings are very important.

Alderman Judd: A few weeks ago Staff was instructed to come up with cuts.

Ms. Phillips: It was discussed.

Alderman D'Astice: Believes it was instructed.

Ms. Phillips: There was never a vote.

Alderman D'Astice: No, but direction was given by Council.

Ms. Phillips: That is a moving number every month. At this point, we are at the point where we will have to cut a complete service from the budget.

Alderman Judd: He recalls that on June 6th a discussion was had on the number to cut (\$600,000).

Ms. Phillips: At this point the budget is at a point where a service will need to be cut.

Alderman Judd: When direction was, 4 weeks ago, to cut \$167,000 why wasn't this brought up then?

Ms. Phillips: That was discussed at the meeting.

Alderman D'Astice: His impression was Council provided direction. He was not under the impression that Staff wanted Council to tell them what to eliminate. If that is the case, Staff should come up with a list of recommendations and Council will make the decision.

Alderman Buske: Recalls that we gave direction to make the cuts and Council expected Staff to come back to them with their cuts.

Alderman Larsen: At the end of the day Council has to rely on Staff.

Alderman Judd: With regards to the \$1M from the Vehicle Replacement fund to general fund. He is adamantly opposed to this. He believes that we are stealing money from the residents. He will not support the transfer.

Ms. Phillips: The majority of the money in that fund came from the General Fund. Her opinion is that we are giving the money back to the residents by putting it in the general fund so we can retain a level of service.

Alderman Buske: When you put charge backs into this fund, when it comes time to get a new vehicle the money is there. Where does a deficit come from?

Ms. Phillips: We do have the money to pay cash. Her opinion is that we should finance the larger vehicles.

Alderman Buske: Disagrees. The chargeback went to buy this piece of equipment.

Alderman Larsen: Thinks the idea of taking advantage of low interest rates is a smart decision. He understands the charge backs, but circumstances change.

Mayor Nelson: Agrees.

Ms. Phillips: The money will be spent to pay back the loan.

Alderman D'Astice: Thinks we have two separate conversations going on here. Transferring the \$1M and paying cash or financing vehicles.

Alderman Lusk: Agrees with Alderman Larsen. She does not have a problem with transferring the money. The charge backs over the next 4 years will cover the financing. Circumstances do change.

Mayor Nelson: The money in the fund has built up because we have been fiscally responsible.

Alderman Buske: Does not agree with financing when we have the money.

Alderman Larsen: How much would we earn in interest should we finance the vehicles.

Ms. Phillips: She would have to get those numbers.

Alderman Pitzafarro: It is a slippery slope. It is not smart business to borrow money when you do not have to in his opinion. He has not made a final decision on this issue, but is leaning towards paying cash for the vehicles.

Alderman Judd: If we transfer, we will have an \$800,000 surplus, without the transfer we will have a \$200,000 deficit. Costs continue to escalate across the board.

Ms. Phillips: In 2009 every fund had a negative balance. This year every fund has a built-in surplus.

Alderman Judd: We need to stop spending more than we are taking in.

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Alderman Adams: If we are going to take money from the fund it should go to the pension funds (or some other fund), not the General Fund.

Alderman D'Astice: Thanked Ms. Phillips for going thru this with us today. Further discussions will take place on further expenditures that need to get cut.

Mayor Nelson: Today was to hear suggestions, not make decisions.

Alderman Buske: This budget will not be any easier than the 2009 budget.

Mayor Nelson: Thanked everyone for coming.

ADJOURNMENT:

Meeting adjourned at 12:37 p.m.

Respectfully submitted by Lisa M. Hinman, City Clerk

September 19, 2009 Budget Workshop Minutes approved by Council on October 13, 2009



Lisa M. Hinman, City Clerk