

**Committee of the Whole Minutes**  
**October 18, 2011 – 7:30pm**

**Mayor Pro-Tem D’Astice called the meeting to order at 7:30 pm.**

**COUNCIL IN ATTENDANCE: Mayor Rooney, Aldermen Mike Cannon, Jim Allen, Larry Buske, Brad Judd, Robert Banger, Jr., John D’Astice, Jim Larsen**

**STAFF IN ATTENDANCE: City Manager Barry Krumstok, Deputy City Clerk Ginny Cotugno, Community Development Director Valerie Dehner, Fire Chief Ron Stewart, Deputy Fire Chief Scott Franzgrote, Assistant Finance Director Melissa Gallagher, Police Chief Dave Scanlan, Public Works Director Fred Vogt, Assistant Public Works Director Bob Hartnett, City Attorney Jim Macholl**

**DISCUSSION ITEMS:**

**1) Library 2012 Budget**

Dave Ruff presented the Library 2012 Budget.

Mr. Krumstok: Melissa is over there at least once a month to do reconciliations. The Library falls under the City with Health Insurance and RISK Management. We have very good cooperation with the Library.

Dave Ruff: We appreciate the support from the City staff.

Alderman Judd: You have FICA in here with a little increase due to salary increases. I know there is talk in Washington about taking it from 6.2 to 4.2. You won’t know that before we do the Levy. What would you do with that 20,000?

Mr. Ruff: The PPRT legislation moving through Springfield that’s going to divert money that comes to us and to you off = to the School system. It could be a loss. If this happens it would be a gain for us. We took some calculated risks. If all the things that could be reduced as far as our income don’t happen, and all the things we spend money on goes down and we have additional money, we would look at building up a stock of consumables to take pressure off next year’s levy.

Alderman Judd: Would you put it into fund balance?

Mr. Krumstok: We try to put things into fund balance. Dave is taking some calculated risks. If there is some extra money, he will put that into fund balance.

Mr. Ruff: We have 4-6 months target for reserves. We’re not there yet, but we would like to be.

Alderman Judd: You have nothing budgeted for unemployment compensation.

Mr. Ruff: We haven't had many claims. We're taking a calculated risk. If we have a problem we'll have to find the money.

Alderman Judd: The eBooks that you're purchasing are you increasing the money amount you are spending there? What percentage of actual books do you purchase rather than eBooks or are you trying to increase that?

Mr. Ruff: We are. We're looking at 8,000 to purchase eBooks. In the past years, we didn't own the e-Books, we leased them. We are now going to buy eBooks that only Rolling Meadows residents will have access to.

Alderman Judd: How much are eBooks vs. regular books?

Mr. Ruff: 8,000 for eBooks and about 390,000 for everything else.

Mr. Krumstok: When Dave talks about some of his core services, he has also expanded on services for the residents.

Mr. Ruff: We had a job search seminar. We are trying to be responsive to the needs of the group and we know there's a lot of unemployment out there.

Mr. Krumstok: When they did the remodeling, that multi-media section grew past its footprint.

Mr. Ruff: That was 2002.

Alderman Judd: That's something you might want to look at since everyone is moving to that.

Alderman Buske: Do you have the same Health Insurance as the City of Rolling Meadows

Mr. Krumstok: Yes

Alderman Buske: That went up 8.75% this year.

Mr. Ruff: We use the same calculations as the City.

Alderman Larsen: Thanked Dave and the Board for all they do.

Mayor Protem D'Astice: I echo what Jim has said. You have done an outstanding job. Thank you.

Mr. Ruff: If you have any questions, please stop by the Library.

## **2) City 2012 Budget**

Mr. Krumstok gave an overview of the budget. The proposed budget is a working document. The proposed budget does have a tax levy increase. The majority of it is for the General Fund. There is one section that goes to the E911 fund. The proposed budget has three negative fund balances. One

is in E911, one is in TIF, and one is in the Debt Service. This is down from the 2011 budget where we had 8 negative fund balances. We continue bringing our fund balances back to a stable amount, but it is taking us more years to continue with that opportunity. The scenarios we are going to go through are just scenarios we came up with from other conversations, what we heard through the pipeline and also staff working different items. Some of these scenarios do affect other funds which leads to other discussions and when we do get to the utilities funds, I want to mention that the City of Chicago came out with their proposed budget and part of the proposed budget was water increases. In that proposed budget it was a 25% increase in 2012, 15% in 2013, 15% in 2014 and 15% in 2015. How does that affect the City of Rolling Meadows, we are part of JAWA. JAWA purchases water from the City of Chicago. That 25%, 15%, 15% and 15% and part of JAWA and 130 communities that actually purchase City of Chicago water will actually be receiving those water increases.

Mayor Protem D'Astice: The 25% is not on the bill, just on what we pay for water?

Mr. Krumstok: To JAWA

Mayor Protem D'Astice: That is not 25% overall.

Mr. Krumstok: Correct. We're not asking for 25%. In the proposed budget we have it in there as 7%. That's another scenario that no one has talked about because it just came out.

Mayor Protem D'Astice: 25 doesn't mean 25% to the residents. It means some number more than 7, but less than 25.

Mr. Krumstok: Correct. Our water rate and sewer rate are tied together. You have to watch how you increase one because it is going to affect the second one.

Alderman Larsen: We talked about splitting those so we get better definition of what people are paying for. The water and sewer are tied together, but they don't have to be.

Mr. Krumstok: No, they don't have to. That would be a policy move from the council if they want to separate it.

Mayor Protem D'Astice: If we believe the City of Chicago is going to pass a 25% increase on the price of water that we purchase, I would like to open that for discussion unless you're going to talk about that specifically.

Mr. Krumstok: When we get to the utility fund, that would be the best time to talk about it.

Mayor Protem D'Astice: We need to take a straw poll at that point and time to decide if we want to give staff direction to split water and sewer so that the 25% on the price we pay for water doesn't necessarily translate to a 25% increase on the amount we have to pay for sewer. We need to split that up.

Alderman Larsen: Are you suggesting we do a straw poll now? If I can go on record as saying I favor splitting them.

Mayor Protem: All in favor of giving staff direction to investigate the possibility of splitting water and sewer and get back to us so that increases like this that look like they might be happening over the next four years will not necessarily impact sewer and only water, all those in favor of giving staff direction to investigate and report back to us please raise your hand. You have your direction.

Mr. Krumstok: Most of the scenarios are about the general fund. As of fiscal year 2010 CAFR we had a negative 237,725. 2011 looks like we will finally be positive. This proposed budget we're still seeing positive. We're not even close to the 4-6 months of reserves and that's also why we've had to take a line of credit for the last few years to make certain things. We have the E911 fund which is the fourth and final payment to NWCD. We have a negative fund balance in this fund and the TIF and Debt funds. The negative fund balance will be with the City for a period of time. It comes back to how long you want to have that potential negative fund balance. The property tax increase that is proposed in the budget increases the current tax levy for 911 from 509,000 to 594,000, which is an 85,000 increase. If you kept all your scenarios and all your funding stagnant in the E911, the projection would be that we would finally break even and not be negative by 2015. If you were to reduce that 85,000 increase to half of that, 42,500, the break even would be around 2016. If you eliminate it to zero increase, the tax levy would be at 509,000. Your break even would be at 2020. That brings us to local roads fund. The vehicle sticker fee, the ordinance in 1998 was passed to increase it to 22.00. Staff recommendation is for an increase to 30.00 which would generate 120,000 in increased revenue. If you split the difference and make it 26.00 it would bring 60,000 in revenue. The revenue for the stickers through the 2005 budget used to be in the general fund. In 2006 it became part of the local roads fund. If you move the revenue, you need to move the expenditures for the work that goes into the sticker program. In the current proposed budget we are currently a 2 cent per gallon fee generating about 230,000. In this proposed budget we are asking for an increase of one penny, so now it would be 3 cents and generating approximately another 115,000. If you made it from one penny to two pennies or three pennies, it's diminishing returns. The higher you get, people would drive to another location so you would potentially have lower gasoline revenue. Vehicle and equipment replacement fund we amended this budget by purchasing the two squad cars this year. They would not become active until 2012. That saved some money. The estimated fund balance in this fund for FY2012 is about 544,000. There is some savings here. I want to reiterate, in 2010 the vehicle and equipment fund made a 1 million transfer to the general fund. There is no payback schedule to bring that fund back into whole. In this proposed budget we only had a 7% increase. Refuse, the City has an asset and that's the transfer station. In our revenues in refuse it's 325,824 for that hosting tipping fee. If we transfer that into the general fund what would that do to the general fund and what does it do to the refuse fund. If you were to increase fees to make up that full 325,000, it's roughly 32.50. Right now we're charging 28.80. Staff is recommending that it only goes up to 30.90. In the proposed budget we actually have a higher recycling number because we went with the SWANCC number that we were utilizing. If you go back to the 3.88, it would actually bring down some of that amount. In the current proposed budget we do have a 15% property tax increase. That's 513,592. The proposed budget also has a 1 cent per therm natural gas tax. There is an 85,000 increase in the Tax Levy for the 911. That is part of the 15%. Mr. Krumstok went over the other scenarios that were included in the packet.

Mayor Protem D'Astice: We need to whittle some of these things down.

Mr. Krumstok: We can start doing that or we can take each one. Each one of those scenarios does affect different funds.

Mayor Protem D' Astice: Why don't we get rid of the easiest ones right off the bat? The first one is A) which is a 15% property tax increase, is there anybody on council that wants to talk about or support that one?

Alderman Larsen: Instead of saying which one we support, can we say which one we want out?

Mayor Protem D' Astice: Either way. If people want to talk about this and support this, raise your hand, or we can just go the opposite way and say how many people.....

Alderman Larsen: Just like leave it on the table or take it off the table, maybe put it that way?

Mayor Protem D' Astice: That's fine. Does that work for everybody?

Alderman Banger: I'm not familiar with how this culminates in what?

Mayor Protem D' Astice: Staff has presented us with the document that shows a 15% property tax increase. I don't think anyone on council will support that. No need to talk about that one if the majority doesn't want to go with a 15% increase. Let's get rid of 3, 4 or 5 of these and wind up with 2 or 3 that warrant discussion.

Alderman Banger: I'm not comfortable with taking something off the board completely if further down the line choosing things from the al-a-carte menu is going to result in an undesirable outcome.

Mayor Protem D' Astice: All those who.....

Alderman Larsen: That's along the lines I was thinking. As we go through this process, some things are going to fall off the board. What things do we want to leave on the table? I'm not in favor of anything that results in a negative fund balance.

Alderman Judd: I think the taking and trying to look at scenario A, B, C or D, if you want to look at each thing. If there's no support for a natural gas tax, that might be out but the other things might stay. Barry can come back and say this is what we've narrowed it down to. Now what do you want to do from there?

Mr. Krumstok: We're saying 30.00 in the proposed budget. If people say no, we'll only give you four this year and next year, that's direction.

Mayor Protem D' Astice: We'll piecemeal it then. The first thing is the Natural Gas Tax. We'll take a straw vote, all those that want to.....

Alderman Allen: Do we know how this tax would relate to residents vs. businesses? Businesses would use a lot more gas than residents.

Mr. Krumstok: Businesses are higher therm users.

Mayor Protem D'Astice: Natural Gas Tax, it's a per therm tax for gas that you use to heat homes and businesses. It's one penny per therm. All those in favor of keeping the natural gas tax please raise your hands. That's two. Natural Gas Tax is off the table, cuz five said no.

Alderman Buske: That would be forming a new tax.

Mayor Protem D'Astice: Yes

Alderman Buske: We don't have a natural gas tax, just electric tax, so this would have been a new tax.

Alderman Larsen: My reason for voting in favor of that is the revenue has to come from somewhere. I'm in favor of trying to connect usage to taxes. Residents can turn down their thermostat. So if we say we're throwing this off the table, we have to get the money from somewhere. We'd simply make up the difference in a property tax, they don't have any choice but to own their property, but potentially someone could turn off lights for the electric tax or turn down their thermostats or use energy more efficiently and that's why I voted in favor of it.

Mayor Protem D'Astice: The City Asset – there is a proposal that we take 325,000 which is the tipping fees we get from Veolia for using the transfer station. Right now that money is going into the refuse fund and there has been a suggestion that we take it out of refuse and put it in the general fund. All those in favor of having that 325,000 go into the general fund please raise your hand. That's a majority and you have your direction. Vehicle stickers – is there support to move to 30.00 and the other option was 4.00 and 4.00. The other part is that currently that money for vehicle stickers along with the expense goes into and comes out of the road fund. It says take that money out and put it in the general fund and possibly discuss an additional gasoline tax. If you move it out into the general fund, that will lower your property taxes, but somehow you have to fund it. One of the ways to fund it would be with a gasoline tax or an increase in the gasoline tax. All those in favor of a sticker tax.....

Alderman Cannon: Staff has recommended two scenarios. I think we have a lot more scenarios on this. I think it's crazy to ask someone to go from 22.00 to 30.00. I think maybe rolling it out over 3 or 4 years would be more palatable and you're still looking at a 10 or 15% increase. Maybe \$3.00 a year for the next three years. I think asking for 8.00 at one time is a pretty big hit.

Alderman Buske: I agree with Mr. Cannon.

Mr. Krumstok: They have been at 22.00 since 1998

Alderman Buske: I would like to keep this on here, but I agree not a full 8.00, maybe half of that. I would be interested in moving it to the general fund and look at a gas tax.

Alderman Judd: I'm a fan of raising it in pieces. I'm in favor of 26.00. We have other vehicle fees, correct? Trucks are different.

Mr. Krumstok: That is correct.

Alderman Judd: Is everything going to go up on that percentage base?

Mr. Krumstok: In our proposed budget we did not do that.

Alderman Judd: Wouldn't it make sense to have everything go up across the board?

Mr. Krumstok: If that's the direction.

Alderman Judd: Whatever the percentage increase is, do it on all the vehicles.

Mr. Krumstok: We also have senior discounts. We only did from 22 to 30.

Alderman Larsen: I support what Brad is talking about. I take a different view than Larry is looking at it. If your gas prices are a nickel higher than the one down the road, I would tend to go to a gas station that is cheaper.

Mayor Protem D'Astice: If you look at the surrounding area, the gas prices all fluctuate similarly. I purchase a lot of my gas not in Cook County. Just because there is a tax, that doesn't mean it is being applied.

Alderman Larsen: I'm not suggesting we don't do any increase for gas. If we raise it a penny and get another 115,000 there, I think that's reasonable.

Mayor Protem D'Astice: What about the sticker fees. Staff is suggesting 30.00. Mike said bring it up in 3.00 increments. Others say 4.00 increments. So 22, 25, 28 – 22, 26, 30 – that's what's on the table.

Alderman Larsen: If we wanted to get to 30, which is what was originally proposed, I'd say half now, half next year, so that would be 4.00 increments.

Alderman Allen: I'm with Mr. Cannon.

Alderman Buske: Same thing with Mr. Larsen.

Mayor Protem D'Astice: So right now the 30.00 one year is out – 22, 25, 28, 31 or 22, 26, and 30, those are the two that I hear. On 22, 25, 28, 31 if you're in favor please raise your hand – two. If you want 22, 26, and 30 please raise your hand – 4, that's the direction.

Mr. Krumstok: So all the vehicles stickers would go up?

Mayor Protem D'Astice: Not only do we raise automobile stickers, we figure out what that percentage is at 22 to 26 and apply that same percentage across the board for all vehicle stickers. If you'd like to give staff direction to come up with the percentage and apply it across the board please raise your hand. That's a majority – that's direction.

Alderman Buske: That's also trailers.

Mr. Krumstok: That's everything that we have. You'll see the whole list we have. We have seniors and everything else that goes in there. We will present that in the ordinance.

Mayor Protem D'Astice: I think before you present an ordinance you'll put this all together and create another scenario.

Ms. Gallagher: The majority of the vehicle stickers are the passenger vehicles that are 22.00. We sell roughly 15,000. The remainder is about 3,000. You may or may not make that decision when we present the data even to increase those ones like the seniors, the disabled, the military and all that.

Mr. Krumstok: We sell close to 18,000 vehicle stickers. We're over 17,000 right now. We're on track. 95% have been sold. That last 5% from now until May will trickle in.

Mayor Protem D'Astice: I would not be in favor of vehicle stickers because why should those that pay, pay for those that don't purchase their stickers. I want to say thanks to Chief Scanlan for being actively seeking out all those scofflaws that don't buy vehicle stickers. You should charge them all double and don't give them a break if they haven't brought their stickers.

Mr. Krumstok: It is double the fee, plus the ticket.

Alderman Judd: We talked about the penny gas tax. We also moved the asset for the refuse tipping in there. Should we go back to figure out what we're going to do with the rate for garbage?

Mr. Krumstok: We'll work our way back to that.

Mayor Protem D'Astice: Next is the Gasoline tax.

Mr. Krumstok: Does everyone want the 365,000 plus now the 60,000 moved into the general fund.

Mayor Protem D'Astice: What's the 60? The 365,000 is the original fee and now the 4.00 equals 60,000, so we're talking about 415,000? Currently that 415,000 is going into local roads. The council has an option to take all or part of it and move it back to the general fund. If you take all of it out, you lower the amount of money that you put into the local road fund and then you'll have to supplement that and the only thing on the table is the gasoline tax.

Alderman Judd: The roads are not good. Our million dollar road fund is roughly 300,000 now. I think the vehicle stickers is a user fee for the roads. I'm not a fan of moving any of the money out of the local road fund to the general fund. It should stay in the local road fund. Do you want to talk about gas now?

Mayor Protem D'Astice: No, we're just talking about if we want to move this or not.

Alderman Judd: I want support moving it.

Alderman Banger: I agree with Mr. Judd. By the time we start moving this stuff around, you're going to have to fund it from something else. I don't want to come back to the budget next year and say we're going to move 250,000 from this fund back to the roads.

Alderman Buske: I'm going to disagree with you both. The only way the road fund is going to be corrected is to split it into two, maintenance and one for roads. Vehicle stickers are the only money we can take out of the road fund. We voted to put it in there. What else goes in there? MFT and what else?

Mr. Krumstok: There are two different ones. You have the MFT for major projects and Local Roads for lighting and other things. The gasoline tax and vehicle stickers are in the local road fund.

Alderman Buske: The MFT and gasoline tax has to stay in the road fund.

Mr. Krumstok: Again, you have to separate the two.

Alderman Buske: I don't care about separating the two. I'm saying that MFT and gasoline tax has to stay in there.

Mayor Protem D'Astice: The MFT does, the gasoline tax does not.

Mr. Krumstok: Its two different funds.

Alderman Buske: You told me the gasoline had to stay in there.

Mr. Krumstok: That's MFT, motor fuel tax.

Mayor Protem D'Astice: The 2 cent gasoline tax you can put anywhere you want.

Mr. Krumstok: And that's the local roads.

Alderman Buske: That has to stay in local roads.

Mr. Krumstok: Again, there are two different gasoline taxes.

Mayor Rooney arrived at 8:46pm

Alderman Larsen: I think what Alderman Buske is saying is valid in as much as from a resident's point of view, what's the road fund for? I guess it would be for roads. We're going to be taking street lighting expenses and all that stuff out of that road fund, you're average resident is going to say no wonder my road hasn't been repaired, the money has been used elsewhere. I'm in favor of splitting that up. Road funds are for road maintenance only. I think it's valid to take the sticker money and leave it in the road fund. It's related to vehicles. It makes sense to your average resident that I've got an increased fee here, but as long as its going toward road repairs. If we're not going to be transferring that money into the general fund, and I'm using proposal B-1 as my reference point, which allowed for 697,845 general fund positive fund balance with a 9% tax increase, that would take 425,000 out of that fund balance so we would need to look at if we wanted to maintain that fund balance for the general fund, where would that difference come from? That includes transferring the sticker revenue into the general fund. If we take that out, now we're reducing that fund balance. Then we have to decide if we want to reduce that fund balance that much or do we say maybe a 10% property tax increase.

Alderman Allen: I'm lost. Why are we transferring things into the general fund? What does that do for us?

Mr. Krumstok: Part of the discussion with all the Alderman was how can we reduce the property tax increase and that's where the transfers were being discussed.

Alderman D'Astice: At one point in time all monies collected went into the general fund and divvied up. Over time it got sliced and diced. Some are saying maybe we shouldn't slice and dice it so much, maybe we should go back to the way it was.

Mr. Krumstok: The proposed budget didn't have these scenarios in it. Through discussions, that's where some of these assets and these moves are being talked about.

Alderman Allen: So we don't divvy anything up any more.

Alderman D'Astice: No, we do.

Mayor Rooney: Thanked John D'Astice for filling in for him. Going back further for the question that you asked, the general point says that a local government sometimes can tax people for a specific purpose. The roads fit that. Something like the water service fits that. When it comes to the police force, the fire department, you can't charge for calls. Every City strikes its own balance about saying if we can actually direct a cause and effect between tax and what it's spent on, we'll do that whenever its reasonable and practical, but for a number of things that a city does, you just can't do that and so those taxes are meant to be general and you say we tax you because we can because you're a resident who gets this service no matter how much you use it. Every City has to draw the line between the two where it sees best. We can't say we're not going to do any slicing and dicing and we can't say it's all going to be general; it really is what falls on what side of the line.

Alderman Cannon: I think we need to make sure we get more money into the road fund. We've taken over a lot of roads. We've been given no way to fund them. It would be prudent for us to put the sticker money into the road fund.

Alderman D'Astice: The conversation was all about 415,000 in stickers and should all or part of it move into the general fund. Should street lights be in the road fund? Should sidewalks be in the road fund? If the answer is yes, then a decision has to be made on that. If you leave the expenses there, you need to keep all the money there. If you want to get a clear picture and take the road fund and say so much is road capital money and so much is road operational money. We need to give staff direction to take the road fund and split it into capital and operations. If we did that, I'm ok with that.

Alderman Buske: I hear council members saying I hate to move money from here to there. We have to be flexible in these times. I don't have a problem with moving money back and forth. Whatever we put back in the general fund would mean less taxes for the residents.

Mayor Rooney: In broad brush strokes, yes.

Mr. Krumstok: We're talking two different funds. MFT specifically does the 1/2 million dollars worth of road projects. The 300,000 is for the Algonquin Street Lights. MFT runs by census and

that money comes from the state. It's very limited what comes in there. That's where we purchase our salt. Fund 61 which is local roads that's where the home rule gasoline tax and what we're talking about with the vehicle sticker tax is attributed to. There's also some SSA money in there. That's where maintenance items are. It does have New Wilke, Golf Road project attributed to this fund this year.

Mayor Rooney: Something that might be productive for tonight, let's make a decision what we consider the road fund capital expenditures and road fund operational expenditures. I'd like to ask a show of hands who's interested in getting a staff report with what would make sense as a division. How many folks would be in favor of saying give us a division before we proceed further with where the 415 goes...that's four hands. That's direction. Next is the 1 cent gasoline bump. Do we want to keep it, do we want to go to two. When gas goes up all over the place by a quarter, everyone pays it. People who notice a 4 or 5 cent difference across the street, tend to go across the street. It really is a balance of where do we think the point would be where you start driving people to other places.

Alderman Judd: Last year we talked about raising the gas tax. I said I wouldn't support that going to the pension. I would support it if it goes to fix roads. If you want to raise it a penny, I'm fine with that, as long as it goes into the local road fund. As long as it goes to fixing the roads I'm fine with it and will support it.

Alderman Buske: I don't agree that someone will go to another station if it's lower. They go to the gas station because they have a credit card for that station. I would like to see the vehicle sticker money moved into the general fund and raise the gas tax to make up the difference. As far as the gas tax, I was looking for 2 cents. If we're going to leave the vehicle stickers in the road fund, I want to see these things divided.

Alderman D'Astice: I like what Brad says. Maybe a penny this year, a penny next year. I'd like to keep it in the roads. I agree with Larry. Let's see staff split it up. I'm ok with a penny if we're leaving it in the roads and I'll reserve what we're going to do with the 415 in stickers until we hear back from staff on how we can split the roads up.

Mayor Rooney: How many folks would be in favor of leaving it at 1 cent? That's five. Next would be refuse.

Alderman Judd: We're talking about moving the asset to the general fund. The refuse fund is an enterprise fund that needs to stand on its own. I would suggest 32.50.

Mr. Krumstok: Staff is only recommending it up to 30.90.

Alderman Judd: It's got to pay for itself.

Alderman D'Astice: I agree. The charge has to be the charge. It needs to be self sufficient. It's time to take a straw vote and get direction on staff looking into what does it take. In refuse we're paying 300,000 in salaries, we're paying 200,000 in benefits and that's a 1/2 million dollars and we've got probably 1/2 million dollars invested in vehicles, so now we're up to a million bucks and we've probably got 50 or 100,000 set aside from chargebacks that we've saved to buying new 1/2 million dollar trucks. We could have a million to 1.1 million dollars if we look at an opportunity to

take our refuse cost from 32 and change to 20 and change. That's a lot of money to save the residents and the city moving forward.

Mayor Rooney: We can do that. We do have a refuse survey that was conducted last summer. There wasn't anything in it that was that low. Keep in mind that when we did the refuse survey that really did apples to apples, we were on the higher end, but we were nowhere near 10.00 a month more than everybody else.

Alderman D'Astice: We're also talking about going from 28.00 to 32.50. That's almost 5.00 right there. Having been on the high side before, let's say we were 3.00 on the high side and now we are 8.00 on the high side. The 10.00 is not that far apart.

Mayor Rooney: Granted, yes.

Mr. Krumstok: A lot of those other fees, it might be property tax that is supporting that, it also deals with the dumping fees. If we're going apples to apples, we do have some payments that we're paying on our carts that also needs to be attributed to those things. 2010 was the last time we did the study. In 2011 before we went to recycling, we asked again should we start looking at that exercise and again it was stated no. There is more to this because we use staff for snowplowing and other things. We need some time to look at the 2010 information and make sure the public knows what's going on.

Alderman Larsen: In short, I want to echo the comments of Mr. Judd and Mr. D'Astice. The fees associated with refuse collection should reflect the actual costs. I think we should take another look at it.

Alderman Buske: When that survey was taken, was this still going into that fund?

Mayor Rooney: It was. We could go back and look up the percentage of communities that were subsidizing their garbage rates in some fashion. I want to say it was roughly half. That's the kind of thing we would want to give direction that says make sure we see all that stuff. It certainly shows that there's stuff we might be missing, but by the same token, my direct recollection from the survey is we're not missing nearly as much as everybody thinks. A lot of these places that are saying they have this great refuse rate compared to other folks are subsidizing with property tax and so forth and so on. If the staff is saying we're recommending 30.90 for now, it's seems to me that an insistence that we jump instantly to the actual cost when we're doing increments with everything else is more of an effort to push another discussion rather than to actually be looking out for the people who are going to pay these dollars in the end. I don't see a need to dismiss the staff's recommendation simply based on it has to be the cost. We get that. The question is how long will it take before it becomes the cost and that's debatable.

Mr. Krumstok: There are a lot of things we take care of that others might not take care of. The last few years we've had severe storms and the refuse fund has been able to absorb all the increase in chipping and other garbage. Certain municipalities around us have used fund reserves to pick up what needed to be done.

Alderman Cannon: Wouldn't it be prudent to start the process now?

Mayor Rooney: That will be the straw vote we'll take.

Alderman Buske: Granted we did have some major storms and we did get some federal money out of that. As far as snowplowing, the question would be if the people on the garbage truck do snowplowing, they don't use garbage trucks, who are they getting paid out of, the garbage fund or the road fund? You can always hire plowing people. It's not just because they plow we have to keep this going. I agree, I'd like to get all the details and match completely apples to apples.

Alderman Banger: I'm a fan of truing up these enterprise accounts immediately.

Mayor Rooney: I do believe the responsible decision for this year's budget needs to be made for at least the first few months. It is true that this was discussed before and did not have enough votes to go forward, how many folks are interested in having staff going out again to look at alternate companies to provide the refuse service for the town, that's unanimous. That returns our discussion to come to some decision for Mr. Krumstok, there's been a 32.62 and a 32.50 and Mr. Krumstok you said the staff proposal is for 30.90.

Alderman Judd: To clarify, the difference between 30.50 and 30.62, whatever that number is because there might be some savings from the recycling, so whatever that number is whether its 49, 38, whatever it is.

Mayor Rooney: Fair enough. Two options, not three.

Alderman Buske: You're talking about the actual cost. I agree with that. If it was 40 bucks, that is what we should be collecting.

Mayor Rooney: How many folks would take the choice of 32.50 or wherever that turns in the immediate true up of cost? That's direction.

Mr. Krumstok: The 85,000 in the E911 if we can actually know how is that going to play out. That was a staff proposal to move from 509,000 to the new number with an increase of 85,000 in the property tax to the E911 fund. The difference is if everything stayed the same, the 911 is one of the negative funds in this proposed budget and by 2015 it would finally be positive. If that 85,000 is halved, if everything stayed the same, somewhere around 2016 it would be positive, if the elimination is made, it would not be paid until 2020. That's what we're asking.

Mayor Rooney: Staff proposal was to include that 85,000 in the levy of the 594 and the idea came up of if we didn't have to increase that so much, that would relieve some of the burden and taking that 85,000 out. I believe based on discussions, you're saying an idea was that maybe that would be half.

Mr. Krumstok: Yes

Mayor Rooney: At least we start with the three options of staff proposal, cutting the staff proposal by 85,000, to just have it be a wash for this year and not make progress toward retaining at least a neutral balance, or maybe 42,500.

Alderman Larsen: I'm extremely uncomfortable with negative fund balance. I would favor the whole 85.

Alderman Cannon: What is the difference between the E911 fund and the money we pay on our cell phones or our landlines for emergency services?

Mr. Krumstok: That goes into the E911 fund. The E911 fund does your land charge. When you pay for your mobile, it's going straight to NWCD. When we had our own 911 center, we took that money to run everything. E911 either we're getting it from the landlines or your mobile is going straight to NWCD. The biggest part of E911 is paying for NWCD for fees and the software.

Alderman Cannon: This is over and above what we pay for our land lines and cell phones.

Mr. Krumstok: Correct

Alderman D'Astice: How is this a negative fund?

Mr. Krumstok: We transferred half way in the year, part is other commitments that we had to do, and our installment. The biggest portion of this is that E911 still used to have a transfer from the general fund to support itself. Once that transfer from the general fund stopped, and this is one of the discussions that we had with an alderman, it used to support the E911 fund by about 800,000. When that money went away and that transfer was not being made, this is why we had a negative fund balance. It was never making enough to support itself and that's why when we made the transfer, it was already in a negative.

Alderman D'Astice: You have three scenarios. No increase, 42, and 85. What does this mean to the residents?

Mr. Krumstok: With a negative fund balance, there are two parts for the residents. There is some other fund that is supporting to make sure we're actually paying our bills on time. We're making sure we're supporting through something else and the other part is when we go for our bond certifications this summer/fall, they are going to have the same issues, our pensions being underfunded and we have negative fund balances. We're trying to move it up so we show that there is a schedule. We used to have 8 negative fund balances, this proposed only has 3. We are trying to get it back to where we do have fund balances and we do not take years to get this back into positive.

Alderman D'Astice: What about TOD? Why don't we just use that? Is that a possibility?

Mayor Rooney: It's certainly a possibility. It's my impression of how this works that there are certain portions of the phone charges that are meant to pay for dispatch. There are portions of the cellular 911 charge that's unique because the whole idea of pinpointing cellular calls is a whole lot more expensive than the idea of a landline and you can tell where the address is. The funds that are set up and the charges that are set up are meant to cover those two things. Every year there are other smaller things that are related to 911 that don't get covered by either of those and that's where the negative fund balance has been coming from.

Mr. Krumstok: It started with a big negative and we've been whittling away at it.

Alderman D'Astice: Would we classify this as an enterprise fund? We might want to look at instead of increasing property tax to cover this, look at increasing franchise fees or cellular fees or landline fees. If we're going to do that for the roads, wouldn't this be similar to phones.

Ms. Gallagher: It's a special revenue fund. Mobile we don't receive. Land line charges have been decreasing. It's only 160,000 in revenue for the landline charges that we receive. There will be that just to think about.

Mayor Rooney: It may not be exact down to the penny. There is a separate tax that is only on cell phones. Nobody without a cell phone is subsidizing those who have them.

Alderman D'Astice: Should those charges be increased to make up this difference?

Mr. Krumstok: What you can charge is dictated by State rules. This fund only has two revenues. The property tax and our landline charge. That is currently bringing in 754,000 and this budget we're talking about has an expenditure of 728,000, so we are taking in a little more revenue.

Alderman Judd: I couldn't support something like that. I'm not a fan of raising this period. I do understand the argument that there's a negative fund balance. I'd support the half not the 85,000.

Alderman Cannon: How much more are we going to pay in taxes a year to cover this?

Mr. Krumstok: This 85,000 is .8% increase of the property tax.

Alderman Cannon: If you pay a 1,000 in taxes, this would be an 8.00 tax?

Mr. Krumstok: \$80.00

Alderman Cannon: An individual house would pay that much more?

Mr. Krumstok: It really depends on your property tax bill. The 80.00 would be an estimate.

Mayor Rooney: I'm not sure we've heard enough to actually get final here, but at least to get a sense of where people are right now in the discussion, the three options that we started with were accepting staff proposal of taking 85,000 all at once, cutting that in half and doing half this year, and then just not doing any of it at all and have that tax levy be cut by 85,000 from the staff proposal. How many are in favor of the 85,000, how about the half way portion. It seems to be that's direction.

Alderman Judd: We've been trying to reduce the property tax bill and I'm all in favor of that. We have this unfunded liability pension. One of the things that I've been against is Springfield in their infinite wisdom and in an effort to placate residents across the state has decided to move out the amortization of the pensions for police and fire from 2033 to 2041. All you're doing is kicking the can down the road. I asked Mr. Krumstok to come up with a number if we were to leave that amortization schedule in 2033 vs. 2041 and it's 200,000 per pension, correct?

Mr. Krumstok: Yes

Alderman Judd: You're going to wind up raising taxes down the road if you don't start putting money into the pension funds. I think we should look to raise these pensions instead of the 250, it should be 650 which is 200 more per pension which would bring this, I think we should keep it through the 2033 amortization, otherwise 2033 comes around and you don't have enough money. It would be an extra 400,000 that you'd get a return on starting today vs. pushing it down the road. It's 41 and 44% funded?

Mr. Krumstok: It's around 42 if you round up, 49% if you round up, but its 48 and 41.

Alderman Judd: To totally fund it its 56 million dollars. To get it at 70% it's roughly 28 million. We need to have a conversation as to whether or not we want to float some kind of bond or look into it for 28 million dollars. You're going to put 400,000 in. If they get 6% of their money next year, it's 24,000 less than we have to put in the following year. I don't want to raise property taxes at all. We have these pension liabilities that we have to start taking care of. We should seriously consider making that 650,000 instead of 250,000.

Mayor Rooney: Completely agree that it is a valid discussion to have and if you don't mind I think we'll deal with it that way. If we make sure we put that on the November 8<sup>th</sup> COW as a separate item, is that satisfactory.

Alderman Judd: That's fine.

Mayor Rooney: If I might ask during the recess, if there is an agenda item that can be postponed until November, let me know during the recess. Without an objection we'll take a 10 minute recess.

**Recessed at 9:48pm**

**Reconvened at 10:11pm**

Mayor Rooney: The next item would be item # 3. We're going to push that down past the recycling contracts.

#### **4) Real Estate Transfer Tax Late Fee**

Mayor Rooney: This will come forward as an ordinance. Every ordinance has two readings. If anyone has anything that they feel the need to say about this to the staff before it becomes an ordinance, we would ask that you do so sometime rather than tonight.

Alderman Judd: Is the 100.00 the most it can be?

Mayor Rooney: Again, talk to Barry and Valerie about that.

#### **5) Brookwood Retention**

Staff report at the next council meeting.

## 6) Recycling Contracts

Mr. Vogt: We put the proposals out in August. We issued those to seven companies. We had five proposals back from Groot, Republic, Veolia, Lakeshore, and Waste Management. We interviewed all five companies in mid-September. We narrowed that down to three companies. We met with the three companies two weeks ago to clarify things. We asked the contractors about single year recycling services as well, if council chose to look at that. In all honesty, from a staff standpoint we think it would be rather awkward to at this point consider a multi-year contract for recycling collection if indeed we wanted to do requests for proposal or formal bids in the near future for refuse and yard waste collection that really, recycling is kind of paired together and it would be rather awkward if we ended up having one contractor doing refuse and yard waste and another doing recycling. I'm not saying you couldn't operate that way, but just from the overall nature of the operations, as staff we feel we ought to do what we can to package those together. I think we're more inclined to ask council to look at a one year contract and given that most likely you're best scenario that we would see would be to stay with our current vendor which is Groot. The offer that was presented is to keep the price at 3.88, but we would have to negotiate in the upcoming weeks. Our target would be to conclude this and have city council authorize either a contract extension whether it needs to be put together as a new contract for 2012 no later than the November 15<sup>th</sup> city council meeting. If we go with a different vendor, they would need time for a changeover. If we're looking to be open with the potential of outsourcing, would we want to consider a new contractor now, doing that changeover in January, with the possibility that after a year we might change again. We are only pennies different in looking at Groot, Veolia and Republic. Republic offered an additional income to the city if we opt for the non-SWANCC rebate program participation. From a staff standpoint, we would see some reluctance to opt out of the SWANCC program. We think that program is advantageous to the city.

Mr. Krumstok: 3.88 is what we're being charged right now. In the proposed budget we used the 4.37 number which is the SWANCC cost. All three of the finalists we asked one question, do you typically see if you bundle garbage with yard waste and recycling is there a cost savings. If we're looking at everything, we prefer that it is all bundled. If we're going to go with the one year extension we feel comfortable staying with Groot.

Alderman Buske: On the rebate program, is that money we get back from the actual recycling products?

Mr. Vogt: Yes. SWANCC administers that. They share that money income with the vendor. They take a percentage, I believe 50%, and then the balance is shared with all 20 some members of the SWANCC network.

Alderman Buske: What's that worth a year?

Mr. Vogt: It fluctuates.

Alderman Buske: What did we get last year?

Mr. Krumstok: We're looking at in our 2011 budget around 25,000. It does fluctuate. In our proposed budget we were looking at potentially 10,000.

Mr. Vogt: There also is the SWANCC internal operations with regards to tonnage that they currently are at; I believe 56,000 tons in terms of members that participate in the program. There are some SWANCC communities that do not yet participate in that. They have some interest and incentive that they would want us to include our 2,000 some tons that we typically generate and have generated to them and retain that in their totals so that they can get to the point where if we exceed 65,000 tons as the agency, there's a greater percentage of revenues that are distributed, or could be distributed. There's also talk about that is going to be moving, or whether that's going to go away, things that we don't know. We have to deal with what we have now.

Alderman Buske: How do they divide this stuff?

Mr. Vogt: They do the sorting on site.

Alderman Buske: By hand?

Mr. Vogt: Yes

Alderman Cannon: Under Veolia, if they were to do something with our transfer station, would some of your scenarios make our cost go down?

Mr. Vogt: As we spoke with Veolia representatives during the two interviews, that is something we should pursue further. As to whether or not that would be part of a service contract, be it recycling or be it for all three elements, or whether that's something we could negotiation and work with Veolia as they are a transfer station operator to do what we refer to as a refuse swap or refuse trade where the SWANCC facility is interested in getting refuse tonnage. They don't care whose it is.

Alderman Cannon: Our transfer station, does raw garbage go through there?

Mr. Vogt: Yes, it's everything

Alderman Judd: When would the actual contract come up?

Mr. Krumstok: The Groot contract expires December 31<sup>st</sup>. January 1<sup>st</sup>, if we have no contract with someone, we have no one picking up our recycling.

Alderman Judd: Right now the YTD is 25,000. If we go with Republic we would get additional 13,000, correct? They are going to give us 10.00 a ton premium on top of that. We'd actually get more because we're splitting some of that cost with Groot already. The number should be substantially higher, correct?

Mr. Vogt: The 10.00 would be off the top based on whatever the tonnage is.

Mr. Hartnett: It would be the SWANCC formula plus 10.00 so the split would be similar to what we're doing now with Groot plus 10.00. Republic would give us a higher rebate.

Alderman Judd: Does that mean that Republic would, let's assume there's 2,000 tons, the dollar amount is 50,000. Would that be 25,000 and 25,000 to Republic and they would give us 20,000 for the 10.00 premium?

Mr. Hartnett: Correct

Alderman Judd: Basically we would cut out 20% SWANCC's take

Mr. Hartnett: Correct

Alderman Judd: Would there be a substantial difference to what they deem as a marketable recyclable vs. what's deemed not a marketable recyclable. Is it the same animal?

Mr. Hartnett: I would think so. They would use the same market to sell the recyclable material.

Alderman Judd: From a rebate program, it would make sense to go with Republic.

Mr. Hartnett: For the 3 year contract, the rebate program offered through Republic was more lucrative.

Alderman Judd: There is no reason to go with a one year contract. I think you could get a 6 month extension on the contract. That way if you go for Republic for both, you say give us a 6 month extension, they would probably give it to you because they have both. I don't see a problem with having two different entities do it, we do that now.

Mr. Vogt: We don't know if there is any value to that. We've only done pricing for recycling. If you look at Page 7, talking with Republic in terms of looking at a possible one-year service contract, there is a clause in there that was provided in terms of right of first refusals which staff is not comfortable with at this point in addition to the potential to switch vendors twice if we were to switch from one to the other. I'm not questioning the lucrativeness of it as whole as a three year contract. We're just looking at it in terms of the transition if one is concerned about a transition period.

Alderman Judd: You wouldn't want to take Republic for one year and possibly switch the following year and Veolia wants to amortize the truck and it gets a little more difficult. You're almost stuck with Groot. I'm not in favor of a one year contract at all. I think you go three year. I think Republic is the one you go with. You get a cheaper rate to begin with and also the city gets a substantially higher rebate.

Mr. Vogt: Our concern is to proceed with a 3-year contract at this point somewhat muddies the waters in terms of an open evaluation of the entire operation whether it be internal city or whether it be from whatever proposals or bids we would receive on refuse and yard waste and eliminate recycling. I can't tell you whether we could get a better price on recycling by combining those or not. It limits our options on a 3-year contract.

Alderman Larsen: I will direct this to Mr. Judd. You were advocating a 3-year contract, but then you said would be ok with a 6 month extension.

Alderman Judd: No, what I'm saying is that let's assume you go with Republic. You sign a 3 year contract starting January 1<sup>st</sup> of next year. Let's assume that you go with Republic and you decide to use their garbage services as of July 1<sup>st</sup>. You make it a 2 ½ year contract so that they'll come up at the exact same time or you can say we want a 6 month extension on the recycling contract we gave you so they both come due July 1<sup>st</sup>. If Groot takes the garbage and Republic takes this, you can meld the two together, make Groot give a 2 ½ year contract for garbage, or ask Republic for a 6 month extension.

Alderman Larsen: I see what you're saying now. What would be the cost differential for 6 months extending this contract, I guess a year, to buy us time to figure out this other thing.

Mr. Krumstok: The current rate with Groot, 3.88, they would honor for another year.

Alderman Larsen: If we had gone with Republic for that year, 3.55?

Alderman Judd: 3.75

Alderman Larsen: 3.75 – for that much I would be in favor of extending this out for another year.

Alderman D'Astice: I want to go with a 6 month option. I don't see why we should go a year. If we want to investigate other options, just tell our current vendor we'll go with you for 6 months and that gives staff more than enough time to come up with whatever. I won't vote for a year.

Mr. Vogt: We can investigate other timing options. We have not spoken to any vendors about anything short of a year. We would have to go back to the vendors with something less than a year.

Alderman Cannon: I would go with 6 months. Maybe in the future it would be prudent to start having the garbage/recycling contracts come up in the middle of the year where you don't have so many things on our plate. Extend it 6 months, that gives Fred 7 months to get something in front of us to make a decision.

Alderman Judd: I think I'm fine with that concept. Would that provide them enough time if we set a July 1<sup>st</sup> drop dead date to get everything in place.

Mr. Krumstok: In the interviews, we did ask what their turnaround would be. They can turn it around as quickly as they need to.

Alderman Judd: 6 weeks would be enough time for them.

Mr. Vogt: The reference was 6 – 8 weeks.

Alderman Judd: I'm fine with that.

Mr. Vogt: From a staff standpoint we would like to have the discussion in the next few months. We need to prepare and determine whether we're going to do proposals, formal and sealed bids, we would need a month to get that out. Looking at having to try to have council have all of the information and have proposals or bids back in the spring is aggressive, but can be done. I would

say July as a transition or implementation, if we're going to proceed in that way, is probably also aggressive, but certainly doable. I would discourage having a transition in January.

Alderman Buske: I'd like to see where the interest would be in purchasing all the equipment we have along with our employees being hired on. I would like that explored.

Mr. Vogt: That is all part of the process in terms of both of those.

Mayor Rooney: If instead of saying we're looking for 6 months because we're trying to buy ourselves some time, but to actually put together what Mr. Cannon said with what Mr. Vogt said, to ask for 6 months for saying we want to get out of a December 31<sup>st</sup> contract, and we'd rather be at a June 30<sup>th</sup> no matter what we do, how many people would be in favor of asking the staff to speak with the current vendor and say can we have a single 6 month extension to achieve both those purposes? That's unanimous. That would be direction for now. Is that sufficient Mr. Vogt?

Mr. Vogt: That's sufficient for now. We'll bring this back as a staff report or at the November 8<sup>th</sup> Committee of the Whole at the latest so that we can execute a contract before the end of the year.

### **3) TIF and Marketing**

Letting this one go.

### **7) Economic Development Proposal**

Alderman Cannon: The reason I brought this up, this is Barry's proposal, my proposal was a bit different but it kind of gets the job done. I would ask all seven of us to think about doing something that would make people think about remodeling their homes. This will not be a deal breaker. I think we need to think about getting some development going in our town on a residential basis. My thought process was to give a small bonus to them to start thinking about remodeling their house and doing something bigger possibly and then rebating some money to them. I would ask you to consider doubling the bonus if they would hire Rolling Meadows contractors to do part of the work. I just wanted to start a discussion.

Alderman Judd: We had talked to Ron Stewart about bringing us an idea about repositioning of Station 15. I thought this was supposed to be on the October COW. Where are we at with that?

Mayor Rooney: I don't believe the October COW was actually set. When they tell us they are ready, they'll tell us and we'll put in on an agenda.

Alderman Buske: When I put an addition on my house, the first 30,000 you don't pay any taxes on that for three years, so there is a County incentive out there too. I'm in favor of this. Do we have a listing of people looking for work against people that have job openings so we can match them together?

Mayor Rooney: Mr. Krumstok, can we take a look at that and let us know?

Mr. Krumstok: Yes, we can do that. You can go to our Internet site to see if there are companies in Rolling Meadows looking for help.

Mayor Rooney: On the City website there is a section that doesn't get at what you're talking about, but it does say job opportunities with the City, meaning anything that the City as an agency has, and job opportunities in the City, meaning anybody who is hiring folks who let's us know about it.

Alderman Buske: Do we get a lot?

Mayor Rooney: It depends on how you define a lot. If we might, we'll put that in Mr. Krumstok's hands.

### **8) Proposal to Sell Algonquin Road Property**

Letting this one go.

### **CLOSED SESSION**

#### **1) Union Negotiations – 5 ILCS 120/2 (c) (2) of the Illinois Open Meetings Act**

The question is should the council go into closed session?

AYES: Cannon, Allen, Buske, Judd, Banger, D'Astice, Larsen

NAYS: 0

ABSENT: 0

The Mayor advised the press and audience that no action will be taken when we come back.

Entered into Closed Session at 10:50pm

Entered into Open Session at 11:21pm

Unanimous Consent to adjourn the meeting. Committee of the Whole Meeting adjourned at 11:22pm.

Respectfully submitted by Ginny Cotugno, Deputy City Clerk

The October 18, 2011 Committee of the Whole minutes approved at the November 1, 2011 Council Meeting

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Ginny Cotugno, Deputy City Clerk