

VILLAGE OF ORLAND PARK

14700 Ravinia Avenue
Orland Park, IL 60462
www.orland-park.il.us



Meeting Minutes

Saturday, September 19, 2009

8:00 AM

SPECIAL MEETING

Village Hall

Board of Trustees

Village President Daniel J. McLaughlin

Village Clerk David P. Maher

*Trustees Bernard A. Murphy, Kathleen M. Fenton, Brad S. O'Halloran,
James V. Dodge, Jr., Edward G. Schussler, and Patricia Gira*

CALL TO ORDER/ROLL CALL

The meeting was called to order at 8:01 AM.

Staff Present: Village Manager Paul Grimes, Interim Assistant Village Manager & Finance Director Annmarie Mampe, Assistant Finance Director Sarah Schueler.

Present: 5 - Trustee Murphy, Trustee Fenton, Trustee Schussler, Trustee Gira and Village President McLaughlin

Absent: 2 - Trustee O'Halloran and Trustee Dodge

2009-0445 Appoint Temporary Recording Secretary

In the absence of Village Clerk David P. Maher, I move to approve appointing Nancy Melinauskas Temporary Recording Secretary for this meeting.

A motion was made by Trustee Edward Schussler, seconded by Trustee Kathleen Fenton, that this matter be APPROVED. The motion CARRIED by the following vote:

Aye: 5 - Trustee Murphy, Trustee Fenton, Trustee Schussler, Trustee Gira, and Village President McLaughlin

Nay: 0

Absent: 2 - Trustee O'Halloran and Trustee Dodge

DISCUSSION

2009-0438 Discussion of 2010 Budget

Village Manager Grimes gave a brief introduction and requested from the Board strategic direction on how the Village will move forward with a balanced 2010 budget. He explained that different options that will be presented at today's workshop in order to achieve a balance budget.

Interim Assistant Village Manager & Finance Director Annmarie Mampe presented to the Board a FY2010 Budget Analysis packet (**EXHIBIT A**). She explained the Original Projected Total Fund Balance is where it was thought the Village would be when the 2009 budget was put together. The Amended Projected Total Fund Balances is where it is thought the Village will be based upon current revenue estimates as well as the Village's current spending patterns.

It appears that the General fund reserves will be slightly less than Village policy level, as expenditures were rolled over from FY 2008 when the audit was complete. Spending cuts have been made, which were brought before the Board several months ago and are reflected in this fund balance, and this fund balance also reflects the revenue declines that have been seen.

Interim Assistant Village Manager & Finance Director Mampe continued to report

that the Motor Fuel Tax (fund 22) is less than it was thought, because of the revised estimates from IML. The Home Rule (fund 281) is deceiving. The fund balance is higher than projected because when the Board approved the budget adjustments a few months ago, one of those adjustments was that the Village did away with the \$750,000 transfer from Home Rule to the TIF fund. The Water and Sewer (fund 31) is down because connection fee revenues are basically nonexistent, due to no development so there is no connection fee revenue. Other funds that are affected due to the decline in development are the Parks Development (Fund 23), Road Exaction (Fund 53).

Revenue & Expenditure Growth FY2005 (FY2005 was selected in the Village's recent history, there was no special reason) versus FY2010. This shows the revenues that were collected in 2005 in the General Fund/Recreation & Parks Fund/Civic Center. It also shows the projected revenues for 2010.

The Major Fixed Costs have increased 34.29%; however total revenue has only gone up 2.33% within a five year span. If not careful, the Village could be on a collision course.

Trustee Murphy questioned why the Police Pension has gone up so much in past four years.

Interim Assistant Village Manager & Finance Director Mampe stated there are several reasons for the increases. As retirees are added and as Police Officers are added, the Village needs to fund this account to keep it at a certain level at what the projected liability is going to be. Also, because investments are down the Village has to makeup for the low investment returns.

Trustee Schussler stated that the Police Pension Board is not doing an adequate job with regards to the investments. This is not just looking at the investments for a year or two; this is looking at least five years and more.

Interim Assistant Village Manager & Finance Director Mampe stated not only is it performance, it is also the fees that are charged. The pension fund revenues are derived from three sources, investment earnings; Police Officers contributions; and levy contributions. The police contributions remain the same (that is set by state statute), the investment earnings go down; and the Village's levy is the only way to make up the difference of what needs to be funded.

Trustee Murphy asked who the investment firm is.

Interim Assistant Village Manager & Finance Director Mampe stated Merrill Lynch. They have been the firm for many years. This will need to be addressed on a separate discussion.

Interim Assistant Village Manager & Finance Director Mampe explained how the Finance Department came up with the revenue estimates for FY10 for the Village's major revenue sources (pages 4 -10 in **EXHIBIT A**). Actual data was shown beginning with FY05 through FY08.

Interim Assistant Village Manager & Finance Director Mampe explained (page 5 in **EXHIBIT A**) the operations levy. The corporate levy is \$2 Million and \$230,000 is the recreation levy. It is unclear how the recreation levy amount was determined, as this is the amount that has been levied for a number of years.

President McLaughlin and Trustee Murphy explained that the recreation levy was originally done to have something on record so that other park districts would not infringe on Orland's. If the Village did not have a levy for recreation, another park district could tax base levy on Orland Park's tax base.

Interim Assistant Village Manager & Finance Director Mampe explained to the Board how the finance department calculates what is distributed to departments for their budgets. The operating revenue calculation for the general fund is approximately \$37 Million. All the fixed costs have been removed and the bottom line that will be split between the departments for their FY10 budget is \$882,558 to fund their variable expenses. In FY08 that amount was approximately \$4.2 Million. That \$4.2 Million was striped of any one time spending costs. For example if a department purchased a copier or a car was purchased that was not included in the FY08 budget amount used for determining FY10 targets.

Village Manager Grimes stated that the FY08 budget is a better base line than the FY09 budget because 2009 is a 15 month budget.

Interim Assistant Village Manager & Finance Director Mampe stated on page 10 of **EXHIBIT A**, everything that is listed on that page has already been done in order to reach the net revenue amount of \$882,558.

Interim Assistant Village Manager & Finance Director Mampe reviewed the budget shortfall and some recommendations for reducing the shortfall. She explained that a meeting with Assistant Village Manager Ellen Baer, Human Resources Manager Stephana Przybylski and each departments Director took place to review if an employee took the voluntary retirement incentive would that position need to be filled with a full-time, part-time employee or not be filled at all.

Trustee Fenton wanted to make sure no promises have been made to any of the employees who are taking the voluntary retirement that they will receive their same jobs but now as a part-time position.

Village Manager Grimes stated he did not believe there were any promises made,

however there may be instances where the Village may bring someone back if they have the qualifications.

Village Manager Grimes stated that with the operating cuts made to the FY09 budget, it appears that the variable operating budget for FY09 was 15% less than the operating budget for FY08.

Interim Assistant Village Manager & Finance Director Mampe state that the Village's remaining budget shortfall is approximately \$2.4 Million. Meetings were held with various departments and it was requested from these departments to submit budget information on how to reduce.

Village Manager Grimes stated that that the following options to reduce the budget shortfall are only suggestions.

Interim Assistant Village Manager & Finance Director Mampe explained the additional options to reduce the budget shortfall through the different tax revenues (page 12 – **EXHIBIT A**) as follows:

❖ *Enhancement to Village Revenue Base*

- Utility Tax
- Natural Gas - .01 per therm used
- Electricity – 3% of gross receipts
- Food & Beverage Tax – 1%
- Telecommunication Tax – increase by 1%

➤ **Board Consensus - Enhancement to Village Revenue Base**

President McLaughlin	Yes – Utility taxes (Natural Gas and Electricity) No – Food & Beverage & Telecommunication tax
Trustee Fenton	No – On all the taxes
Trustee Gira	No – On all the taxes
Trustee Schussler	No – Utility taxes those are necessities Yes – Telecommunication tax that is a luxury.

❖ *Tax Rebate*

- Eliminate - \$1,500,000 for Operating and remainder for Capital
- Continue Program and reduce 2009 rebate by \$500,000 and reduce 2010 rebate by \$1,000,000.

➤ **Board Consensus - Tax Rebate**

The Board stated further discussion will be needed on if the Tax Rebate should be cut, reduced, or left as it is. A suggestion was discussed to reduce the rebate for March 2010 to \$2.5 Million and 2011 to \$2.5 Million.

President McLaughlin – Would like to keep the rebate in place but cut it in half.
Trustee Fenton – Cut tax rebate completely and services would stay the same.
Trustee Murphy – Reduce tax rebate in March 2010 to \$2.25 Million
Trustee Gira – Cut tax rebate it doesn't make sense to keep it when we are making service cuts.
Trustee Schussler – Has no problem to cut the tax rebate for a year or two.

The Board continued their discussion on this issue of the Tax Rebate.

➤ **FINAL Board Consensus - Tax Rebate**

Reduce FY09 rebate to \$2.25 Million use \$1.5 Million to fund FY10 Operating Budget. \$750,000 to fund FY10 Capital Budget. Budget \$2.25 Million in FY10 for rebate.

❖ *Increase/Enhance Property Tax Revenue*

- Increase Village Tax rate to .50 to fund specific expenditures with Corporate Levy
 - Expenditures such as Community Service Officers, Street Repairs, and Liability Insurance.

➤ **Board Consensus - Increase/Enhance Property Tax Revenue**

Further discussion will be needed on this item.

Trustee Schussler – Leave revenues alone

❖ *Sell Village Equipment*

- Eliminate Leaf Pickup Program

➤ **Board Consensus – Village Equipment**

President McLaughlin – No, if this program were cut it will cause more problems with clogged sewers because residents may not rake their leaves. In the Old Orland area the leaves are sometime stacked waist high at the curb several times during the fall.

All Board members present agreed.

Interim Assistant Village Manager & Finance Director Mampe stated that 100% of the tax rebate will not go towards funding operating only a small portion.

Interim Assistant Village Manager & Finance Director Mampe stated on page 13 &14 of **EXHIBIT A** these are recommendations the Directors suggested that the below cuts can be made to improve the efficiencies of their departments without drastically effecting services.

Village Manager Grimes state these are recommended changes that do not have a substantial impact on staffing. The bottom line for these cuts is just below \$1 Million, if the Board did not want to dip into the rebate and accepted all of these suggestions, there is still another \$1.5 Million to makeup, so deeper cuts would then need to be made. Those would most certainly impact services and staff.

Department recommended program eliminations/services cuts or changes:

➤ **Board Consensus – Programs Eliminations/Services Cuts or Changes**

Recreation & Parks – Board Members agreed to eliminate as suggested.

Police – Trustee Gira, Fenton & Schussler agreed to eliminate all as suggested. Trustee Murphy – No, on reducing hours by approximately 50% for PT Patrols Officers (8 positions). The Board had further discussion on this item.

Interim Assistant Village Manager & Finance Director Mampe reminded the Board that these are cuts that the Directors of each department said could be made, without impacting their services. She stated she will bring the concerns of the Board of reducing the hours back to the Chief for further discussion.

Public Works – Board Members agreed to eliminate all as suggested, except the leaf pickup program, that program will remain as is.

Finance – Board Members agreed to eliminate as suggested.

Recreation - Administration – Board Members agreed to eliminate as suggested.

Recreation - Programs – Board Members agreed to eliminate as suggested, except for the Halloween Hoopla.

Recreation - Pool - Board Members agreed to change or eliminate as suggested.

Recreation - Sportsplex - Board Members agreed to change or eliminate as suggested.

Recreation - Special Recreation - Board Members agreed to eliminate as suggested all except the Special Recreation Job Trainees. The Board discussed possible reducing the \$57,082 by half so hours would be reduced so no one would be let go. This program would now be limited to Orland Park residents only.

Department recommendation for staffing changes:

➤ **Board Consensus – Staffing Changes**

Development Services - Board Members agreed to eliminate the part-time building inspector and suggested to contract-out the part-time plumbing inspector position.

The Board discussed the part-time plumbing inspector position and stated they would like to contract-out the plumbing inspector so this position would be paid per inspection. President McLaughlin requested Village Manager Grimes to

contact several villages and see if a plumbing inspector could be shared.

Recreation – Administration - Board Members agreed to eliminate the position.

Recreation – Program - Board Members agreed to eliminate the position.

Recreation – Sportsplex - Board Members agreed to eliminate the position.

Recreation – Special Recreation - Board Members agreed to eliminate the position.

The Board continued to discuss how and where additional cuts could be made within the budget.

This matter was for discussion only, NO ACTION was taken.

ADJOURNMENT - 10:20 AM

A motion was made by Trustee Edward Schussler, seconded by Trustee Kathleen Fenton, that this matter be ADJOURNED. The motion CARRIED by the following vote:

Aye: 5 - Trustee Murphy, Trustee Fenton, Trustee Schussler, Trustee Gira, and Village President McLaughlin

Nay: 0

Absent: 2 - Trustee O'Halloran and Trustee Dodge

/nm

APPROVED:

Respectfully Submitted,

David P. Maher, Village Clerk

**Nancy R. Melinauskas
Temporary Recording Secretary**