

Village of North Riverside

Finance, Health & Appropriations Committee

Meeting Dates: July 1st & 2nd, 2013

Trustee Wilt, Chairman
Trustee Demopoulos
Trustee Mengoni

Others in attendance were, Mayor Hermanek, Trustees Bianco, Czajka, Decosola, Administrator Belmonte, Finance Director Scarpiniti, Chief Niemann, Deputy Chief Garcia, Chief Basek, Director Kutt, Director Frampton and Karyn Byrne, Code Enforcement Officer.

Meeting was called to order at 6:00 pm. on Monday, July 1, 2013 and recessed at 10:10 p.m. then reconvened at 6:00 p.m. on Tuesday, July 2, 2013; the following is a summary of the meetings.

Item #1: Discussion of Fiscal Year 2013-2014 Appropriation: Trustee Wilt called the meeting to order, Administrator Belmonte gave a brief account of what was to happen over the next two day in order to come up with a balanced budget for FY 2014. Finance Director Scarpiniti then gave a lengthy overview of all accounts noting there is a starting deficit of \$1,471,000 in the General Fund and a \$484,917 deficit in the Water Fund. Her power-point presentation gave the board a visual account of where revenues are derived from and expenditures allocated. Department heads also gave a brief overview of their departments' budgets along with some information on their staffing and why the capital items they were requesting in their respective budgets were needed. Director Scarpiniti informed the committee that included in the proposed budget was a 3% pay increase for fire union personnel and a 3.75% increase for tele-communicators per their respective collective bargaining agreements; as well as a 3% increase for non-union personnel. She also mentioned that we are undergoing negotiations with the police union whose contract expired on 4/30/13 and we will not know the exact amount of any pay increases until our negotiations have been completed. Additional costs in the proposed budget included a 5% increase in the PSI contract for paramedic services, a 5.5% increase in health insurance costs, and additional debt service expense due to the first annual repayment of the Costco Debt Certificates. Liability and WC insurance rates, however, decreased for the 2nd consecutive year and reflect a savings of approximately \$26,000 or 5.6% when compared to FY13 expenses.

The meeting was recessed at 10:10 p.m. until July 2, 2013 at 6:00 p.m.

The meeting reconvened at 6:05 p.m. on July 2, 2013

Director Scarpiniti passed out a sheet with proposed additions, deletions and staff recommendations which brought our deficit down to \$583,093 in the General Fund and \$396,917

in the Water Fund. Added were: an ID Printer for the recreation department which Director Frampton said she needed; a \$2,500 donation to a Veterans organization; pension contributions to police and fire of 40% respectively; and an additional \$5,425 for the public works chipper. Director Kutt had informed the committee the night before of an increase in the purchase price of the chipper because the demo he was hoping to buy was sold. Taken out of the budget was \$5,000 from the Administration Department for website design, \$19,950 for various items from the Recreation Department that Director Frampton gave up for the ID Printer and \$1,403,800 or 60% out of pension contributions for police and fire pensions. Staff also suggested an increase in vehicle stickers to \$35 for residential stickers, \$50 for non-resident stickers and one \$10 sticker senior/disabled sticker per household. The committee discussed these items at length and the following motions were made and passed by the committee.

Trustee Mengoni moved and Trustee Demopoulos seconded to increase residential vehicle stickers to \$35, non-resident vehicle stickers to \$50 and senior/disabled sticker with a max of two per household at \$10 each. Seniors/disabled residents with more than two vehicles in the household would pay \$35 for additional stickers. Motion passed by the committee 3-0 and all other trustees and the Mayor agreed.

Trustee Mengoni moved and Trustee Demopoulos seconded to make a contribution of not less than 40% to the police pension (\$847,100) and fire pension (\$556,700) and that the committee revisits this in March 2014 to see if it would be possible to contribute more before the transfer is made in April 2014. Motion passed by committee with a 3-0 vote and the Mayor and all other Trustees agreed.

There was discussion of purchasing a Vehicle Registration List from the Illinois Secretary of State's office, which would allow the Village to compare our records against the State's for vehicles registered in North Riverside. This list has been purchased by other towns which allowed them to see which vehicles were registered in their towns that did not purchase local vehicle stickers, some towns even went back as far as five years to charge their residents for past stickers not purchased. The committee agreed with the purchase of the list but did not want to go back and charge residents, and will use this list going forward.

Trustee Demopoulos moved and Trustee Mengoni seconded to purchase the Vehicle Registration List from the Illinois Secretary of State's office and not to go back and charge residents for stickers not purchased. Motion passed by committee with a 3-0 vote and the Mayor and other Trustees agreed.

The committee discussed video gaming machine licenses, North Riverside charges \$25 per machine to those establishments that have video gaming, currently there are only two establishments in North Riverside that have video gaming: Chef Shangri-La and the Sweet Spot. It was mentioned that some communities charge as much as \$1,000 per machine but the committee felt that the places within North Riverside were more or less ma and pa places and they did not feel it should charge that much. The committee did agree that the price should be more in line with other such vending machines such as cigarettes vending machines and juke boxes.

Trustee Demopoulos moved and Trustee Mengoni seconded to increase the license fee for video gaming machines to match other such vending machines. The motion passed by the committee with a 3-0 vote and the other Trustees and Mayor agreed.

There was a discussion of reducing the number of tickets needed for a vehicle to be eligible to be booted. Chief Niemann said that there are a number of municipalities that boot a vehicle after they have 3 unpaid tickets. Currently, a minimum of 5 tickets is required before a vehicle is eligible for booting. Since the cost of the each ticket increases to \$250 at this stage in the collection process, it becomes extremely costly for the vehicle owner to pay the outstanding ticket fines and fees after the boot has been applied. By lowering the booting standard to a minimum of 3 tickets, we are increasing our odds of finding the vehicles as well as making it more affordable for the owners to reclaim their cars. The committee, Mayor and all other Trustees agreed that this was a good idea.

Trustee Mengoni moved and Trustee Demopoulos seconded to lower the number of tickets to three (3) before the “boot” can be placed on the vehicle. The motion passed by the committee with a 3-0 vote. The other trustees and the Mayor were polled and concurred.

There was a lengthy discussion on water rates, the City of Chicago increased the cost of water to the Brookfield-North Riverside Water Commission by 25% in January 2012, 15% in January 2013 and will also increase it by 15% in January 2014 and 2015 making the increase 70% over four years. The increases in 2012 and 2013 were absorbed by the Village. It was discussed that these increases must be passed along in order for the Village to receive enough money to keep the water system operational. Two scenarios were presented by staff, one would increase water rates \$0.67 per 1000 gallons in August 2013, January 2014 and January 2015. The other would increase rates \$0.50 per 1000 gallons in August 2013, January 2014, 2015 and 2016. The committee members, the Mayor, and all other Trustees said that it was necessary to pass these increases from the City of Chicago and the Brookfield-North Riverside Water Commission on to our residents in order to maintain the system.

Trustee Mengoni moved and Trustee Demopoulos seconded to increase water rates for both residential and commercial by \$0.50 per 1000 gallons in August 2013, January 2014, January 2015 and January 2016 and to keep minimum billing at the current 4,000 gallons for residential and 7,500 gallons for commercial customers. Motion passed by the committee with a 3-0 vote and the Mayor and all other Trustees agreed.

Finance Director Scarpiniti informed the committee that with all the approved changes over the course of both evenings, the General Fund's final proposed deficit was projected at \$126,213 after adjustments and \$384,917 in the Water Fund. The committee agreed that the deficit amount should be taken out of prior year's reserves to balance the budget. Director Scarpiniti made the committee aware that last year the appropriation ordinance adopted at the start of the fiscal year reflected an operating deficit of \$715,045 in the General Fund and a surplus of \$7,200 in the Water Fund. Preliminary and unaudited figures for the fiscal year ended April 30, 2013 anticipate a surplus in the General Fund of approximately \$92,000 but a deficit in the Water Fund of \$216,000 at year end. She also inquired about the committee's thoughts on financing some of the capital related expenses appropriated in the FY14 budget with a short term

installment contract. Financing capital purchases with short term borrowing is a common practice in the governmental field and will evenly spread out the cost for large purchases over a period of years while still keeping it affordable. With interest rates on the rise, the cost to borrow on a short term basis is increasing but may still be a smart choice financially rather than depleting a large portion of the Village's reserves. The committee agreed to further explore the idea of capital financing to see if the analysis on short term borrowing was cost beneficial to the Village.

There being no further business, the meeting was adjourned at 10:15 pm. on Tuesday, July 2, 2013.

Respectfully submitted,

Trustee Vera Wilt
Chairman

At this time I would like to make the following motion;

I move to concur with all the motions and recommendations passed by the Finance Committee and agreed upon by the Mayor and all other Trustees from the July 1st and 2nd, 2013 committee/budget meetings except for the water rate increase, and move for the Village Attorney to prepare the proper ordinances for passage as needed.