

Village of North Riverside

Finance, Health & Appropriations Committee

Meeting Date: June 10th & 11th, 2014

Trustee Wilt, Chairman
Trustee Demopoulos
Trustee Mengoni

Others in attendance were, Mayor Hermanek, Trustees Bianco, Czajka, Decosola, Administrator Belmonte, Finance Director Scarpiniti, Police Chief Niemann, Deputy Police Chief Garcia, Chief Bask, Director Kutt, Director Michalik, and Karyn Byrne.

Meeting was called to order at 6:00 pm. and the following is a summary of the meeting.

Item #1: Proposed Budget for FY 2014-2015: Director Scarpiniti presented a power point presentation to the committee detailing historical trends of major revenue sources and operating expenditures as well as an overview of all budget assumptions used for preparation of the FY15 proposed budget. The FY15 proposed budget projects a \$1.9 million dollar deficit, with \$1.8 million attributed to fully funding the village's annual required contribution to both the police and fire pension funds. She explained that 72% of total operating expenditures are for wages and benefits of village employees, 10% for maintenance of facilities, equipment and vehicles, 7% for contractual services, 5% for internal transfers and 6% for all other operating costs. She then reviewed the six smaller funds, Capital Projects, Motor Fuel Tax, Refuse, 9-1-1, Insurance and Debt Service, and their projections for the 2014-2015 fiscal year. Once this was completed, each department head presented their budget requests to the committee along with the goals and objectives for their respective departments and answered questions from the committee and the board on their budget submissions.

Director Scarpiniti then went on to discuss the Water Fund and its proposed \$699,762 deficit. She explained that on January 1, 2015 there would be another increase by the City of Chicago as well as an anticipated increase from the Brookfield-North Riverside Water Commission. The committee discussed this item at length and how this fund needs to get back into the black and begin rebuilding the reserves for future infrastructure improvements. The committee requested the Director to provide a water rate survey from the municipalities within the Commission and from neighboring communities for tomorrow's meeting. The meeting was recessed at 10:20 p.m. until 6:00 p.m. Tuesday, June 12, 2014.

The committee meeting reconvened on Tuesday, June 12, 2014 at 6:00 p.m. Director Scarpiniti distributed a Water Rate Survey showing what municipalities pay for water within the BNRWC and surrounding communities. After a lengthy discussion, the committee recommended a water rate increase for both residential and commercial properties. Water rates would be increased \$1.50 per 1,000 gallons as well as instituting a flat "Water Operations Fee" in the amount of \$30

per billing period effective July 1st. A motion was made by Trustee Demopoulos and seconded by Trustee Mengoni to increase water rates by \$1.50 per 1,000 gallons for both residential and commercial properties and to institute a \$30 Water Operations Fee per billing period for all customers. The motion passed through committee with a 3-0 yes vote; Chairman Wilt polled the other trustees and Mayor and all were in favor.

Attorney Burt Odelson then addressed the committee and board about the pension problems within the Village. He informed the committee that the Village must appear before the Illinois Department of Insurance on Thursday, June 26, 2014 to explain why the Village has not fully funded its annual required pension contribution since 2008 and how it plans to rectify this pension shortfall. Attorney Odelson emphasized that beginning in fiscal year 2016, the State would have the authority to withhold up to 1/3 of any underfunded pension contributions from the Village's sale tax revenue or any other state revenue source and directly send those funds to the pension funds. This amount would increase to 2/3 in 2017 and 100% in 2018. It's such a big problem financially that communities would have to make major cut backs either in personnel costs or public services or both. He said some communities have privatized certain departments like public works, dispatchers and office help to help balance their yearly budgets. He said he is working on something which he would like to bring back to the board before the finance committee adopts a budget. The committee agreed to recess the meeting until Monday, June 30, 2014 at 6:00 p.m.

Respectfully submitted,

Trustee Vera Wilt
Chairman