

MEETING: POST- BOARD OF TRUSTEES MEETING  
VILLAGE OF HANOVER PARK

DATE: MARCH 5, 2009

LOCATION: MUNICIPAL BUILDING  
2121 West Lake Street  
Hanover Park, IL 60133

President Craig called the Meeting to Order at 8:39 P.M.

PRESENT: Trustees Joseph Nicolosi, Robert Packham, Wesley Eby, William Manton, Toni Carter, Lori Kaiser, and President Rodney Craig

ABSENT: None

ALSO PRESENT: Village Manager Marc Hummel, George Dimidik, Jim Binninger, Joan Rock, Tom Dahl, Patrick Grill, Sandra Vincent Richard, Howard Killian, Ron Moser, David Webb, Mark Gatz, Craig Haigh, Ken Zaccard, and Bill Beckman

Mr. Hummel stated tonight was his recommended budget for fiscal year 2010, beginning May 1, 2009 to April 30, 2010. He noted there also was a meeting on Monday, March 9, 2009. He stated he would give an overview and the major topic of discussion was the General Fund which was the principal operating fund for the Village. He stated it included the Public Safety Departments, Police & Fire, Public Works, Community Development and Administrative Departments. He noted that on Monday he would discuss the capital projects, which were one-time expenditures that were funded from the Central Equipment fund or the General Capital fund. Basically, he stated the preliminary 2010 budget responded to the Board's goals and economic conditions. He noted the softening of the federal, state, and local economies had necessitated significant cost cutting efforts and some downsizing initiatives. He stated the final budget was compiled based upon input from the preliminary budget and he requested consensus from the Board to proceed with adoption by April 16, 2009, at the regularly scheduled Board meeting. He noted there were five (5) Thursdays in April and if necessary, they could hold a Special Board meeting on the 4<sup>th</sup> or 5<sup>th</sup> Thursday in April. However, he noted there was a statutory requirement that the budget be adopted by May 1.

He stated the General Fund Operating budget was balanced. He noted the budget was divided into three sections: Narrative Memo; Exhibits; and Capital Improvement Program. He encouraged the Board to look closely at Exhibits 1 through 11. He noted he would be asking direction on Exhibit 7 at a subsequent meeting and he specifically stated he would ask for concurrence on the Committee/Commission expenditures. He stated Exhibits 8-9-10 related to the second primary operating fund, which was the Water and Sewer Fund. Lastly, he stated Exhibit 11 included all the other funds, noting there were 21 separate funds within the Village. He stated the Capital Improvement Program (CIP), was the final tab, which was the one-time capital expenditures. He stated the key table, Table II listed the proposed capital

purchases during FY'10 and it included the expenditure justifications for each CIP over \$10,000. He stated Table IV was the 5-year list of identified projects to be considered in the future.

Mr. Hummel noted as an overview, the 2010 budget was 1% less than the prior year at \$48,611,564. To summarize, he stated there was a downsizing proposal resulting in the reduction of three (3) full-time positions. President Craig noted for clarity and asked if there was 1% less in the operating budget, where did those dollars go? Mr. Hummel stated those dollars related to the property tax. He stated the Village levied a property tax by dollar amount as compared to (school or fire) districts who levied a rate. He explained the \$48 million was not the property tax but was the overall aggregate of all 21 funds, motor and fuel, etc. which were the expenditures. He stated there was \$454,000 less expenditures proposed in this budget. Mr. Hummel stated President Craig was looking at the revenue side, specifically at the \$7.5 million component related to the General Fund Property Tax levy.

Mr. Hummel continued that there was no reduction in Public Safety staffing or programs. He noted a large cost continued to be the pension funding for both public safety as well as IMRF. He stated a major initiative recommended by staff was the purchase of an Enterprise Resource Planning (ERP) program system that would replace our 15 year old computer software system. In terms of some capital allocations, he noted there was a bike path construction from Ranger Park to Atcher Park with approximately 70% funding by a federal grant. He stated land acquisition was allocated, street resurfacing continued, and discussion would follow for the ongoing Comprehensive Plan Program which had been before the Development Commission, with the amendment to the Zoning Ordinance. He stated for the second year he recommended the continued larger water main replacement program in the amount of \$500,000. He stated due to public input during the heavy rains in September and December, he recommended further back-up prevention programs in the Water and Sewer as well as the sewer rehabilitation. He stated in the Commuter Parking Lot fund was the first of a 5-year resurfacing phased program to resurface a section of the south lot.

He noted the Fire Engine came in earlier than expected and that \$405,000 would be in this year's budget. He commented that the budget was an ongoing process. He stated several drainage improvements had been allocated. He noted there was Special Service Area (SSA) #5, and we were in the 4<sup>th</sup> of a 5-year program to reconstruct the Tanglewood Assn. private streets. He stated from an Economic Development standpoint, there were some TIF development proposals.

President Craig noted there were some items in the budget that related to the Economic Stimulus program, i.e. water main replacements, and Mr. Hummel noted any federal monies received would offset some expenditures and would be additional revenue. It was questioned if the residents who had private wells were included in the water mains, and answered they were not in this budget and the Board needed to consider this as part of the Comprehensive Plan

component. It was asked for a budget figure on this at the next meeting on Monday. It was further questioned if there were other stimulus dollars not included in the budget due to the economy. Mr. Hummel stated some projects were expedited to be able to have them ready (within 180 days) for the stimulus dollars. He noted at the same time, there were projects that could be identified to be pursued and noted it was unclear as to the process for the stimulus dollars, the EPA, Surface Transportation Program (STP), etc. He noted each department was looking at what types of programs were eligible and what requirements were needed for funding. President Craig stated the projects that were ready to go were the ones being funded and waiting for the capital dollars from the State. Mr. Hummel stated some of the programs that were being funded were ones that we had already taken on the initiative. It was pointed out that there was some funding for police officers but noted that would be discussed further under the Police category, with what looked like 100% funding for 3 years.

Mr. Hummel continued with the overview that the key issue was that we were responding to the worst economic downturn since the Great Depression. He stated there were revenue decreases in the real estate transfer, the hotel/motel tax, prepared food tax, motor fuel tax and state income taxes. He noted the revenue impacted the most was the building permits and interest revenues. In contrast, he stated our sales tax revenue increased. He stated the stores in Hanover Park were unique in that there was an increase compared to other communities. He also emphasized they were successful in several economic development programs over the last year, i.e. Menards, and the sales tax agreement with a local business park employer, positively impacting the Village's revenue stability. He stated another revenue identified was the redlight enforcement revenue, with revenues to be received in FY'10.

Mr. Hummel summarized the Village-wide expenditures. He stated proposed salaries were 2% greater and the headcount was reduced from 196 to 193, reflecting a reduction in force of 3 positions. He noted there were allocations for labor contracts, a major topic in FY'10 being the Metropolitan Alliance of Police (MAP), and the International Association of Firefighters (IAFF). He stated employees not covered by labor contracts were allocated no across the board increase and merit increases up to 3%, commenting it was less than in prior years due to the economic conditions. He stated as Village Manager he did not intend to accept a salary increase in FY 2010.

Trustee Carter commented that she felt there should be no raises in 2009 or 2010 and recommended that staff (department head) salaries be brought in line with market. She stated the only increases should be with the Police Chief and Fire Chief who were being paid under-market. She also recommended a performance management methodology that worked. She recommended that all department head salaries be frozen with no increases this year.

Mr. Hummel stated he was very concerned about economics, but stated equity was also important. He stated there were four labor unions and those employees would be negotiating contracts and he did not want to incite other

employees to join a labor union. He stated part-time was less, overtime was less, but the pension funding was major. President Craig asked for a poll from the Board to freeze department head salaries and merit pay.

AYES: Carter

NAYS: Kaiser, Nicolosi, Packham, Eby, Manton

President Craig stated Mr. Hummel had his direction.

Mr. Hummel continued with pensions, stated the Police Pension was up 9% - \$88,000; the Fire Pension was up 22% - \$101,000. He stated his concern was next the costs would continue to skyrocket. He stated the Police Pension was funded at 61% and Fire Pension was funded at 67%. It was noted this was what was recommended by the actuary. There was further discussion regarding the Resolution to support at the legislative level.

Mr. Hummel stated the next ongoing costs involved health care which increased 5% or \$128,000. It was questioned how many health care providers we had and answered we had a single pool, the Intergovernmental Personnel Benefit Cooperative (IPBC). He stated it was a pooled agency and we had two PPO's, an HMO, and an EPO for employees. It was questioned if we could go off on our own and answered it was prudent to stay within IPBC. He stated his concern with doing our own private insurance was the first year was good, the subsequent years increased substantially. Ms. Richard stated the 5% increase was about half of what the market trend was. In fact, Ms. Richard stated more municipalities were looking to join IPBC. Discussion continued on various options in health plans and preventative health care.

Mr. Hummel continued another component was the financial reporting stating we were required to allocate \$293,000 for post-employment as well as catastrophic loss for lifetime dependant coverage. He stated we were utilizing dollars that we garnered to cover this in the future and they would be insufficient.

He stated a difficult topic to budget was fuel. He stated eight months ago we saw \$140/barrel, and last week it was \$30/barrel. He stated he recommended a 4% increase over prior year budget, recognizing it was less than what was incurred this year. Mr. Hummel continued last year \$305,000 was budgeted, we projected \$320,000 and he requested \$317,000. He stated in 2008 we spent \$283,000, spent in 2007 was \$239,000.

He stated another major topic was the purchase of salt. He stated materials and supplies was 50% greater than the prior year due to budgeting in the motor/fuel tax (MTF) fund. Mr. Killian stated they were looking at going as a group with IDOT.

Mr. Hummel stated energy (light and power) costs were up 15% which included the wastewater treatment plant, the train station, and street lighting. He stated we bid energy usage last year and we expected our energy costs to be stable over the next three years. President Craig asked to have a breakdown of the costs.

He continued that natural gas was another cost which was up 29% and it reflected a rate adjustment as well as a greater therm usage. He stated the new fire station and the colder winter resulted in this increased consumption.

He stated a major cost increase next year was a 25% increase in liability insurance coverage, increasing over \$200,000. He noted the pooled insurance and the casualty increase was attributed to a large increase in our experience modification, suffering significant losses primarily workers' compensation last year which raised our premium in addition to the soft investment performance. President Craig mentioned perhaps we should include the electric gurney lift in the budget to prevent future losses.

Mr. Hummel stated legal costs were \$370,000 or 70% less than prior year. He stated in prior years we were dealing with the legal action stemming from TIF #4 redevelopment and all of that had been funded and was free and clear.

He continued that the General Fund was the primary operating fund. He stated the 2010 total expenditures were approximately \$24 million. He stated operating revenues exceeded operating expenditures by less than \$4,000. He stated the General Fund expenditures decreased 2% compared to prior year and operating revenues increased 1%. He noted the reserves decreased \$286,000 and were slightly below 30% and policy established was we should not fall below 25%.

Mr. Hummel continued with a summary of the Revenues in General Fund. He stated the property tax proposed increase was 4.5% generating \$364,000. He noted, however, we did not know what the equalized assessed value (EAV) would be. He noted the last EAV was 2007 which was prior to the significant real estate recession and he expressed his concern over this, noting the market value had fallen. The real estate transfer tax had a 0 balance and it was questioned, and Mr. Hummel explained that was no excess revenue yet alone enough to even pay the 2002 bond issue.

President Craig noted that Senator Noland planned a meeting on March 26 at the Village Hall to discuss the reassessment issue.

It was questioned when the bond would be finished and answered 2011 and the real estate transfer tax issue would need to be addressed in 2010. Mr. Hummel was more concerned about the EAV because it directly impacted the tax rate. Further discussion followed regarding the 2008 EAV and noted that the information would be available in October or November.

It was stated that we needed to have a strategic plan to solve these issues. He stated the utility tax was up and in contrast the state income tax was a concern. He noted the building permits were 66% lower than last year with no new construction. He stated the vehicle impoundment revenue was greater than what it had been, based upon the favorable ruling and the diligence of the Police Department, projecting a 14% increase. He also noted the redlight camera program projected \$100,000. He stated interest was down and the Safer Grant was unwinding with one more year of funding for the three officers.

Mr. Hummel concluded that there was a balanced budget and fielded some questions on sales tax revenue, TIF money with regard to Menards, and tax revenue from Insight. He stated that summarized the General Fund and that General Fund Expenditures would be discussed at the next meeting on Monday, March 9.

President Craig adjourned the meeting at 9:56 p.m.

Recorded and transcribed by,

Sherry L. Craig  
Village Clerk

Minutes approved by President and Board of Trustees on this 19<sup>th</sup> day of March, 2009.

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Village President